



GAMAGARA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 JUNE 2010

I am responsible for the preparation of these Annual Financial Statements, which are set out on the pages hereafter, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in Note 26 of these Annual Financial Statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read together with the Remuneration of Public Officers Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr C JOACHIM
Municipal Manager

Date

GAMAGARA MUNICIPALITY
Parameters to be completed for Current Year

Name of Authority	GAMAGARA MUNICIPALITY
Financial Year-end	30 June 2010
End of Next Year	30 June 2011
End of Current Year	30 June 2010
End of Previous Year	30 June 2009
End of Base Year	30 June 2008
Current Year	2010
Previous Year	2009
Base Year	2009
Next Financial Year	2010/2011
Current Financial Year	2009/2010
Previous Financial Year	2008/2009
Comparative Financial Year	2009/10 / 2008/09
Start of Current Year	01 July 2009
Start of Previous Year	01 July 2008

**** NOTE: only complete sections highlighted in purple, as others contains formulas and cross references**

**** Notes highlighted in Blue relate to notes to be included by Medium Capacity and Low Capacity Municipalities who have opted to take advantage of Directive 4**

GAMAGARA MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2009/10 financial period is set out in Directive 4 and Directive 5 Issued by the Accounting Standards Board (ASB) on 11 March 2009.

Despite having instituted various control measures in order to improve the overall financial results of the municipality, the collection of arrear debt remains a challenge. The increase in the debtors book together with the increased number of indigent customers is indicative of the poverty that exists within the municipal area. However, the ongoing reviewing and monitoring of debt collection performance is expected to result in an improvement in the collection of arrears.

2. KEY FINANCIAL INDICATORS

The following indicators give some insight into the financial results of the year under review. No figures are provided for the previous year because of the change in format of the Annual Financial Statements presented.

Financial Statement Ratios:

INDICATOR	2010	2009
Surplus / (Deficit) before Appropriations	45,091,370	(4,889,472)
Surplus / (Deficit) at the end of the Year	121,985,064	76,893,694
Expenditure Categories as a percentage of Total Expenses:		
Employee Related Costs	38.24%	33.72%
Remuneration of Councillors	1.41%	1.62%
Repairs and Maintenance	3.09%	3.56%
Interest Paid	5.61%	7.84%
Bulk Purchases	27.33%	21.75%
Contracted Services	0.21%	0.44%
Grants expenditure	10.49%	8.05%
General Expenses	13.62%	23.01%
Current Ratio:		
Creditors Days	30	15
Debtors Days	25	23

Comment on key ratios:

As can be seen, all ratios are in line with prior year ratios and are as expected.

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D".

The overall operating results for the year ended 30 June 2008 are as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income:					
Opening surplus / (deficit)	60,636,163	59,201,177	2.42%	-	-
Operating income for the year	160,789,314	95,887,223	67.69%	119,958,386	34.04%
Appropriations for the year	-	22,482,695	(100.00)%	-	-
	221,425,477	177,571,095	24.70%	119,958,386	84.59%
Expenditure:					
Operating expenditure for the year	115,697,944	100,776,695	14.81%	119,956,417	(3.55)%
Sundry transfers	-	16,158,237	(100.00)%	-	-
Closing surplus / (deficit)	105,727,533	60,636,163	74.36%	1,969	5369506%
	221,425,477	177,571,095	24.70%	119,958,386	84.59%

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	42,804,011	38,789,717	10.35%	36,616,660	16.90%
Expenditure	46,726,505	52,637,276	(11.23)%	47,921,670	(2.49)%
Surplus / (Deficit)	(3,922,494)	(13,847,558)	(71.67)%	(11,305,010)	-
Surplus / (Deficit) as % of total income	(9.16)%	(35.70)%		(30.87)%	

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community and includes the rental of units owned by the municipality to public and staff. The main income source is the levying of Housing Rentals.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	-	-	100.00%	-	#DIV/0!
Expenditure	-	-	100.00%	-	#DIV/0!
Surplus / (Deficit)	-	-	100.00%	-	-
Surplus / (Deficit) as % of total income	#DIV/0!	-		#DIV/0!	

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection, disposal and purifying of waste (refuse and sewerage). Income is mainly generated from the levying of fees and tariffs determined by the council.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	28,733,958	6,128,315	368.87%	16,221,942	77.13%
Expenditure	10,796,054	9,511,346	13.51%	15,291,506	(29.40)%
Surplus / (Deficit)	17,937,904	(3,383,031)	(630.23)%	930,436	-
Surplus / (Deficit) as % of total income	62.43%	(55.20)%		5.74%	

3.4 Electricity Services:

Electricity is bought in bulk from Eskom and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R26,430 million (2008/2009: R19,155 million). Tariffs levied for electricity are subject to administered adjustments.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	57,215,829	32,619,788	75.40%	52,305,307	9.39%
Expenditure	32,487,831	24,911,149	30.41%	32,985,512	(1.51)%
Surplus / (Deficit)	24,727,998	7,708,639	220.78%	19,319,795	-
Surplus / (Deficit) as % of total income	43.22%	23.63%		36.94%	

3.5 Water Services:

Water is bought in bulk and distributed to the consumers by the municipality. The cost of bulk purchases to the municipality was R5,188 million (2008/2009: R2,768 million). Tariffs levied for water are subject to administered adjustments.

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %	Budgeted 2009/2010 R	Variance actual/ budgeted %
Income	22,433,524	18,349,403	22.26%	17,518,096	28.06%
Expenditure	13,267,101	13,716,925	(3.28)%	19,953,991	(33.51)%
Surplus / (Deficit)	9,166,422	4,632,478	97.87%	(2,435,895)	-
Surplus / (Deficit) as % of total income	40.86%	25.25%		(13.91)%	

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R23,793 million (2008/2009: R18,340 million). Full details of Property, Plant and Equipment are disclosed in Note 13 and appendices "B, C and E (2)" to the Annual Financial Statements.

The capital expenditure of R23,793 million was financed as follows:

DETAILS	Actual 2009/2010 R	Actual 2008/2009 R	Percentage Variance %
Capital Replacement Reserve	-	-	-
External Loans	1,508,550	9,644,488	(84.36)%
Grants and Subsidies	12,390,772	3,021,658	310.07%
Public Contributions	8,180,995	88,189	9176.66%
Own Funds (Accumulated Surplus)	1,713,084	5,586,300	(69.33)%
	23,793,402	18,340,635	29.73%

Source of funding as a percentage of Total Capital Expenditure:

DETAILS	2010	2009
Capital Replacement Reserve	-	-
External Loans	6.34%	52.59%
Grants and Subsidies	52.08%	16.48%
Public Contributions	34.38%	0.48%
Own Funds (Accumulated Surplus)	7.20%	30.46%

Property, Plant and Equipment is funded to such a great extent from grants and subsidies because the municipality does not have the financial resources to finance capital from its own funds.

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

DETAILS	2010	2009
<i>Variance per Category:</i>		
Budgeted surplus before appropriations	1,969	2,068
Revenue variances	40,830,928	(6,468,325)
Expenditure variances:		
Employee Related Costs	184,688	2,345,518
Remuneration of Councillors	216,902	(105,766)
Collection Costs	-	1,962
Depreciation and Amortisation	5,000,000	-
Impairment Losses	-	-
Repairs and Maintenance	248,342	581,470
Interest Paid	3,513,754	(1,418,428)
Bulk Purchases	2,501,220	(2,308,184)
Contracted Services	353,523	92,395
Grants and Subsidies Paid	(10,540,904)	425,741
General Expenses	2,780,947	1,962,077
Loss on disposal of Property, Plant and Equipment	-	-
Actual surplus before appropriations	45,091,370	(4,889,472)

DETAILS	2010	2009
<i>Variance per Service Segment:</i>		
Budgeted surplus before appropriations	1,969	2,068
Executive and Council	(826,438)	(2,378,496)
Finance and Administration	(2,789,266)	3,549,898
Planning and Development	27,871	(5,099,426)
Health	-	(929,035)
Community and Social Services	(192,081)	(2,018,403)
Housing	-	-
Public Safety	(90,282)	(500,642)
Sport and Recreation	4,222	(4,837,536)
Environmental Protection	(103,500)	(83,469)
Waste Management	17,007,468	(3,383,031)
Roads and Transport	11,077,369	(733,077)
Water	11,602,317	4,632,478
Electricity	5,408,203	7,708,639
Other	274,621	(819,441)
Inter-departmental Charges	-	-
Actual surplus before appropriations	41,402,473	(4,889,472)

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results per category of expenditure, together with a criptic explanation of significant variances of more than 10% from budget, are included in Appendix "E (1)".

5.2 Capital Budget:

DETAILS	Actual 2009/2010 R	Budgeted 2009/2010 R	Variance actual/ budgeted R
Executive and Council	90,298	43,786	46,512
Finance and Administration	1,961,530	1,167,330	794,200
Planning and Development	-	477,500	(477,500)
Health	-	-	-
Community and Social Services	18,560	74,820	(56,260)
Housing	-	11,681,448	(11,681,448)
Public Safety	11,165	15,000	(3,835)
Sport and Recreation	2,632	899,200	(896,568)
Environmental Protection	-	-	-
Waste Management	-	-	-
Waste Water Management	11,409,726	11,721,032	(311,306)
Roads and Transport	3,436,989	4,634,520	(1,197,531)
Water	10,231	4,662,000	(4,651,769)
Electricity	6,658,890	9,610,873	(2,951,983)
Other	193,380	110,000	83,380
	23,793,401	45,097,509	(21,304,108)

Details of the results per segmental classification of capital expenditure are included in Appendix "C", together with a criptic explanation of significant variances of more than 5% from budget, are included in Appendix "E (2)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2010 amounted to R121,985 million (30 June 2009: R76,893 million) and is made up as follows:

Capital Replacement Reserve	-
Capitalisation Reserve	6,513,972
Donations and Public Contributions Reserve	1,337,076
Government Grants Reserve	8,406,483
Accumulated Surplus	105,727,533
	<u>121,985,064</u>

Refer to Note 18 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2010 was R56,7 million (30 June 2009: R57,556 million).

Refer to Note 15 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2010 was R13,573 million (30 June 2009: R12,925 million).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 16 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R3,285 million as at 30 June 2010 (30 June 2009: R3,048 million) and is made up as follows:

Provision for Long-term Service	2,028,223
Provision for Rehabilitation of Land-fill Sites	<u>1,256,972</u>
	<u>3,285,195</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to Note 17 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R28,667 million as at 30 June 2010 (30 June 2009: R29,692) and is made up as follows:

Consumer Deposits	Note 11	2,634,640
Provisions	Note 12	1,068,340
Creditors	Note 13	9,576,084
Unspent Conditional Grants and Receipts	Note 14	50,057
Bank Overdraft	Note 22	4,634,674
Current Portion of Long-term Liabilities	Note 4	<u>10,703,596</u>
		<u>28,667,390</u>

Non-current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R193,815 million as at 30 June 2010 (30 June 2009: R173,168 million).

Refer to Note 8 and Appendices "B, C and E (2)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R10,040 as at 30 June 2010 (30 June 2009: R0).

These are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 9 for more detail.

13. CURRENT ASSETS

Current Assets amounted R30,389 million as at 30 June 2008 (30 June 2007: R6,848) and is made up as follows:

Inventory	Note 3	390,489
Assets classified as Held-for-Sale	Note 4	3,246,529
Consumer Debtors	Note 5	7,958,329
Other Debtors	Note 6	15,863,184
Bank Balances and Cash	Note 7	2,930,516
		<u>30,389,047</u>

The substantial increase is due to a large increase in other debtors as well as certain assets being classified as non-current assets held for sale during the year.

Refer to the indicated Notes for more detail.

14. EVENTS AFTER THE REPORTING DATE

There were no significant post reporting date events noted by the entity. See note 47 for more detail.

15. GENERAL RECOGNISED ACCOUNTING PRACTICE (GRAP)

In order to adhere to principles and procedures prescribed by law and the directions of National Treasury, the Annual Financial Statements have been converted to the new reporting GRAP-format and is now presented as such on continuous basis.

We have utilised the allowances as per Directive 4 of the Accounting Standards Board where indicated in these financial statements.

16. EXPRESSION OF APPRECIATION

We are grateful to the Executive Mayor, members of the Mayoral Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

31 August 2010

GAMAGARA MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 June 2010

	Note	2010 R	2009 R
ASSETS			
Current Assets		30,389,047	6,848,712
Inventory	3	390,489	300,078
Non-current Assets Held-for-Sale	4	3,246,529	-
Trade Receivables from Exchange Transactions	5	7,958,329	4,307,934
Trade Receivables from Non-Exchange Transactions	6	15,863,184	1,679,500
Cash and Cash Equivalents	7	2,930,516	561,200
Non-Current Assets		193,824,791	173,267,878
Property, Plant and Equipment	8	193,445,151	172,909,478
Intangible Assets	8	379,640	358,400
Investment Property	10	-	-
Total Assets		224,213,838	180,116,590
LIABILITIES			
Current Liabilities		28,667,391	29,692,157
Consumer Deposits	11	2,634,640	2,380,258
Provisions	12	1,068,340	930,401
Creditors	12	9,576,084	4,230,553
Unspent Conditional Grants and Receipts	14	50,057	3,622,248
Bank Overdraft	7	4,634,674	5,848,090
Current Portion of Long-term Liabilities	15	10,703,596	12,680,607
Non-Current Liabilities		73,561,384	73,530,739
Long-term Liabilities	15	56,703,099	57,556,100
Retirement Benefit Liabilities	16	13,573,090	12,925,872
Non-current Provisions	17	3,285,195	3,048,767
Total Liabilities		102,228,775	103,222,896
Total Assets and Liabilities		121,985,064	76,893,694
NET ASSETS		121,985,064	76,893,694
Accumulated Surplus / (Deficit)	18	121,985,064	76,893,694
Total Net Assets		121,985,064	76,893,694

GAMAGARA MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE AT 30 June 2010

	Note	Actual 2010 R	2009 R	Budget 2010 R
REVENUE				
Revenue from Non-exchange Transactions				
Property Rates	19	15,122,125	6,979,807	15,394,799
Property Rates - Penalties imposed and collection charges		-	-	-
Fines		128,850	356,957	206,411
Insurance claims		265,489		
Licences and Permits		574,557	695,556	489,012
Government Grants and Subsidies Received	23	34,694,842	15,350,128	15,798,328
Public Contributions and Donations	24	3,572,759	429,189	727,613
Revenue from Exchange Transactions				
Service Charges	21	100,559,516	60,629,334	82,069,032
Rental of Facilities and Equipment	22	1,079,543	982,308	1,070,000
Interest Earned - External Investments	20	232,293	2,022,346	200,000
Interest Earned - Outstanding Debtors	20	-	-	-
Income for Agency Services		1,082,059	963,380	1,297,200
Dividends Received		-	-	-
Royalties Received		-	-	-
Other Income	25	1,773,254	1,922,618	2,455,991
Other Gains on Continued Operations		-	-	-
Gains on Disposal of Property, Plant and Equipment		1,704,028	5,555,600	250,000
Total Revenue		160,789,314	95,887,223	119,958,386
EXPENDITURE				
Employee Related Costs	26	44,248,396	33,977,037	44,433,084
Remuneration of Councillors	27	1,625,977	1,632,923	1,842,879
Depreciation and Amortisation		-	-	5,000,000
Collection Costs		-	1,962	-
Repairs and Maintenance		3,572,861	3,587,970	3,821,203
Finance Costs	28	6,486,246	7,904,363	10,000,000
Bulk Purchases	29	31,619,333	21,923,572	34,120,553
Contracted Services		243,977	447,395	597,500
Operating Grant Expenditure	30	12,140,904	8,116,973	1,600,000
Research and Development Costs		-	-	-
General Expenses	31	15,760,251	23,184,500	18,541,198
Other Losses on Continued Operations		-	-	-
Loss on Disposal of Property, Plant and Equipment		-	-	-
Total Expenditure		115,697,944	100,776,695	119,956,417
SURPLUS / (DEFICIT) FOR THE YEAR		45,091,370	(4,889,472)	1,969
Refer to Appendix E(1) for explanation of budget variances				

GAMAGARA MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2010

Description	Accumulated Surplus / (Deficit) Account					Total for Accumulated Surplus/(Deficit) Account	Total
	Capital Replacement Reserve	Capitalisation Reserve	Donations and Public Contr Reserve	Government Grants Reserve	Accumulated Surplus / (Deficit)		
2009	R	R	R	R	R	R	R
Balance at 30 June 2008	23,817,306	6,513,972	1,247,887	5,384,825	59,201,177	96,165,167	96,165,167
Change in Accounting Policy					(14,382,001)	(14,382,001)	(14,382,001)
Correction of Error (Note 33)		1,222,237	64,180	489,819	(1,776,236)	-	-
Restated Balance	23,817,306	7,736,209	1,312,067	5,874,644	43,042,940	81,783,166	81,783,166
Surplus / (Deficit) for the year					(4,889,472)	(4,889,472)	(4,889,472)
Net gains / (losses) not recognised in the Statement of Financial Performance					-	-	-
Transfer to Housing Development Fund					-	-	-
Funds utilised to finance PPE					-	-	-
Surplus on revaluation of Property, Plant & Equipment					-	-	-
Deficit on revaluation of Property, Plant & Equipment					-	-	-
Transfer to CRR	-				-	-	-
Property, Plant and Equipment purchased	(23,817,306)	-			23,817,306	-	-
Donated / Contributed PPE			-		-	-	-
Grants utilised to obtain PPE			89,189	3,021,658	(3,110,847)	-	-
Contribution to Insurance Reserve					-	-	-
Insurance claims processed					-	-	-
Interest received	-				-	-	-
Asset disposals		-	-	-	-	-	-
Offsetting of Depreciation		(1,222,237)	(64,180)	(489,819)	1,776,236	-	-
Balance at 30 June 2009	-	6,513,972	1,337,076	8,406,483	60,636,163	76,893,694	76,893,694

Details on the movement of the Funds and Reserves are set out in Note 18.

GAMAGARA MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 June 2010

Description	Accumulated Surplus / (Deficit) Account					Total for Accumulated Surplus/(Deficit) Account	Total
	Capital Replacement Reserve	Capitalisation Reserve	Donations and Public Contr Reserve	Government Grants Reserve	Accumulated Surplus / (Deficit)		
	R	R	R	R	R	R	R
2010							
Change in Accounting Policy						-	-
Correction of Error (Note 33)				-	-	-	-
Restated Balance	-	6,513,972	1,337,076	8,406,483	60,636,163	76,893,694	76,893,694
Surplus / (Deficit) for the year					45,091,370	45,091,370	45,091,370
Net gains / (losses) not recognised in the Statement of Financial Performance					-	-	-
Transfer to Housing Development Fund					-	-	-
Funds utilised to finance PPE					-	-	-
Surplus on revaluation of Property, Plant & Equipment					-	-	-
Deficit on revaluation of Property, Plant & Equipment					-	-	-
Transfer to CRR	-				-	-	-
Property, Plant and Equipment purchased	-	-			-	-	-
Donated / Contributed PPE			-		-	-	-
Grants utilised to obtain PPE				-	-	-	-
Contribution to Insurance Reserve					-	-	-
Insurance claims processed					-	-	-
Interest received	-				-	-	-
Asset disposals		-	-	-	-	-	-
Offsetting of Depreciation		-	-	-	-	-	-
Balance at 30 June 2010	-	6,513,972	1,337,076	8,406,483	105,727,533	121,985,064	121,985,064

Details on the movement of the Funds and Reserves are set out in Note 18.

GAMAGARA MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2010

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from Ratepayers, Government and Other		143,406,295	102,880,774
Cash paid to Suppliers and Employees		(108,640,183)	(102,670,392)
Cash generated from / (utilised in) Operations	33	34,766,113	210,382
Interest received	20	232,293	2,022,346
Interest paid	28	(6,486,246)	(7,904,363)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		28,512,160	(5,671,635)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	8	(23,782,202)	(18,242,635)
Purchase of Intangible Assets	9	(21,240)	(98,000)
Proceeds on Disposal of Property, Plant and Equipment		1,704,027	5,555,600
NET CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		(22,099,415)	(12,785,035)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans repaid	15	(2,830,012)	(11,488,509)
Decrease / (Increase) in Short-term Loans	15	-	627,323
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		(2,830,012)	(10,861,186)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	7	3,582,733	(29,317,856)
Cash and Cash Equivalents at the beginning of the year		(5,286,890)	24,030,966
Cash and Cash Equivalents at the end of the year		(1,704,158)	(5,286,890)

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010 **2009**
R **R**

1. GENERAL INFORMATION

Gamagara Municipality (the municipality) is a local government institution in Kathu, Northern Cape. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by The Constitution.

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of the transitional provisions in Directive 4 from the Accounting Standards Board and aims to comply fully with GRAP by 30 June 2011.

2. RECONCILIATION OF BUDGET SURPLUS/DEFICIT WITH THE SURPLUS/DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE

Net surplus/deficit per the statement of financial performance	45,091,370
Adjusted for:	
Fair value adjustments	
Impairments recognised / reversed	
Surplus / deficit on the sale of assets	
Increases / decreases in provisions	(4,937,055)
effect of accruals	(40,152,346)
Net surplus/deficit per approved budget	<u>1,969</u>

3. INVENTORY

Consumable Stores - at cost	227,597	300,078
Maintenance Materials - at cost	-	-
Spare Parts - at cost	-	-
Water - at cost	162,892	-
Total Inventory	<u><u>390,489</u></u>	<u><u>300,078</u></u>

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure the following inventories:

Unpurified Water;
Water in pipelines
Land held for sale

The municipality is currently in a process of measuring all inventory which must be measured in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.

Inventories are held for own use with the result that no write downs of Inventory to Net Realisable Value were required.

4. NON-CURRENT ASSETS HELD-FOR-SALE

Property Held-for-Sale - at cost	3,246,529	-
Total Assets classified as Held-for-Sale	<u><u>3,246,529</u></u>	<u><u>-</u></u>
Liabilities associated with Assets classified as Held-for-Sale	-	-
Net Assets classified as Held-for-Sale	<u><u>3,246,529</u></u>	<u><u>-</u></u>

4.1 Property Held-for-Sale

The municipality intends to dispose some of its Property, Plant and Equipment via tender within the next twelve months. No impairment loss was recognised on reclassification of the property as held-for-sale nor at 30 June 2010.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R	
5. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS			
	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2010			
Service Debtors:	19,527,298	11,838,367	7,688,932
Electricity	6,151,012	2,149,403	4,001,609
Refuse	5,073,016	3,981,582	1,091,434
Sewerage	1,747,712	1,014,040	733,673
Water	6,555,558	4,693,341	1,862,217
Loan Instalments	-	-	-
Other Debtors	1,946,504	1,677,107	269,397
Total Consumer Debtors	21,473,802	13,515,474	7,958,329
	Gross Balances	Provision for Impairment	Net Balances
As at 30 June 2009			
Service Debtors:	19,447,779	15,746,342	3,701,437
Electricity	4,702,030	3,805,417	896,613
Refuse	4,517,804	3,656,385	861,419
Sewerage	2,211,791	1,790,424	421,367
Water	8,016,154	6,494,116	1,522,038
Loan Instalments	-	-	-
Other Debtors	3,174,745	2,568,248	606,497
Total Consumer Debtors	22,622,524	18,314,590	4,307,934

The municipality receives applications that it processes. Deposits are required to be paid for all water accounts opened. There are no consumers who represent more than 5% of the total balance of Consumer Debtors.

The management of the municipality is of the opinion that the carrying value of Consumer Debtors approximate their fair values.

The fair value of Consumer Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and Consumer Debtors as well as the current payment ratio's of the municipality's Consumer Debtors.

	2010 R	2009 R
5.1 Ageing of Consumer Debtors		
Electricity, Water, Refuse and Sewerage: Ageing		
<u>Current:</u>		
0 - 30 days	5,287,735	4,294,535
<u>Past Due:</u>		
31 - 60 Days	1,227,594	1,066,200
61 - 90 Days	836,624	921,614
91 - 120 Days	694,932	613,069
+ 120 Days	11,480,413	12,552,361
Total	19,527,298	19,447,779
Other Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	202,113	94,104
<u>Past Due:</u>		
31 - 60 Days	43,800	58,663
61 - 90 Days	23,484	7,809
91 - 120 Days	20,220	12,076
+ 120 Days	1,656,887	3,002,093
Total	1,946,504	3,174,745
All Debtors: Ageing		
<u>Current:</u>		
0 - 30 days	7,365,894	4,793,212
<u>Past Due:</u>		
31 - 60 Days	1,725,945	1,256,430
61 - 90 Days	1,241,649	1,025,976
91 - 120 Days	1,059,878	706,686

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
+ 120 Days	16,402,329	17,314,969
Total	27,795,695	25,097,273

As at 30 June 2010 Consumer Debtors of R1 725 945 (2009: R1 256 430) were past due but not impaired. The age analysis of these Consumer Debtors are as follows:

31 - 60 Days	1,725,945	1,256,430
61 - 90 Days	-	-
+ 90 Days	-	-
+ 120 Days	-	-
Total	1,725,945	1,256,430

5.2 Summary of Debtors by Customer Classification

	Household R	Industrial/ Commercial R	National and Provincial Government R	Other R
As at 30 June 2010				
<u>Current:</u>				
0 - 30 days	1,631,160	1,261,438	39,758	152,379
<u>Past Due:</u>				
31 - 60 Days	872,579	202,285	37,898	30,280
61 - 90 Days	764,892	198,322	29,762	40,064
+ 90 Days	763,183	218,244	14,019	25,824
+ 120 Days	9,995,938	1,888,637	322,959	646,136
Sub-total	14,027,752	3,768,925	444,396	894,683
Less: Provision for Impairment	10,759,121	2,106,880	336,978	671,960
Total Debtors by Customer Classification	3,268,631	1,662,046	107,418	222,722

	2010 R	2009 R
5.3 Reconciliation of the Provision for Impairment		
Balance at beginning of year	20,415,326	15,583,018
Impairment Losses recognised	2,170,665	4,832,308
Impairment Losses reversed	-	-
Amounts written off as uncollectable	(5,460,762)	-
Amounts recovered	-	-
Balance at end of year	17,125,229	20,415,326

In determining the recoverability of debtors, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Consumer Debtors has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

5.4 Ageing of impaired Consumer Debtors

0 - 30 Days	-	-
31 - 60 Days	-	-
61 - 90 Days	-	-
91 - 120 Days	1,059,878	706,686
+ 120 Days	16,402,329	19,708,640
Long-term Loan Debtors	-	-
Total	17,462,207	20,415,326

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
6 TRADE RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Assessment Rates debtors	6,321,893	2,474,749
Payments made in Advance	-	-
Government Subsidy Claims	-	-
Vat Receivable	652,634	(80,518)
VAT dispute		786,439
Recoverable Works	-	-
Short-term Loans	-	-
Sundry Deposits	-	-
Sundry Debtors	12,498,412	599,567
Fruitless and Wasteful Expenditure (See Note 37.2)	-	-
Irregular Expenditure (See Note 37.3)	-	-
Unauthorised Expenditure (See Note 37.1)	-	-
	19,472,939	3,780,237
Less: Provision for Impairment	(3,609,755)	(2,100,737)
Total Other Debtors	15,863,184	1,679,500

Vat is payable on the invoice basis. When the service is rendered, VAT is paid over to SARS.

The management of the municipality is of the opinion that the carrying value of Other Debtors approximate their fair values.

The fair value of Other Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial Departments as well as Other Debtors. The current payment ratio's of Other Debtors were also taken into account for fair value determination.

6.1 Ageing of trade receivables from non-exchange transactions

6.1.1 Assessment Rates: Ageing

Current:

0 - 30 days	1,876,046	404,573
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Past Due:

31 - 60 Days	454,551	131,567
--------------	---------	---------

61 - 90 Days	381,541	96,553
--------------	---------	--------

91 - 120 Days	344,727	81,541
---------------	---------	--------

+ 120 Days	3,265,028	1,760,515
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Total	6,321,893	2,474,749
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In determining the recoverability of a Rates Assessment Debtor, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable. The municipality holds collateral over these balances in the form of Rates Assessment Deposits / Guarantees, which are not covering the total outstanding debt and vacant property respectively.

6.1.2 Ageing of impaired Rates Assessment Debtors

0 - 30 Days		
31 - 60 Days		
61 - 90 Days		258,681
91 - 120 Days	344,727	81,541
+ 120 Days	3,265,028	1,760,515
Long-term Loan Debtors		
Total	3,609,755	2,100,737

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
7. CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	2,930,516	561,200
Bank Overdraft	(4,634,674)	(5,848,090)
Total Cash and Cash Equivalents	(1,704,158)	(5,286,890)

For the purposes of the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

Call Deposits	2,929,316	558,000
Notice Deposits	-	-
Short-term Portion of Investments	-	-
Total Current Investment Deposits	2,929,316	558,000

The Municipality has the following bank accounts:

7.2 Bank Accounts

Primary Bank Account

Cash in Bank	811,232	11,708,166
Bank Overdraft	(4,634,674)	(5,848,090)
Total Bank Accounts	811,232	11,708,166

The Municipality has the following bank accounts:

FIRST NATIONAL BANK -KATHU Branch - Account Number 53668 006 069

Cash book balance at beginning of year	(5,848,090)	(2,027,034)
Cash book balance at end of year	(4,634,674)	(5,848,090)
Bank statement balance at beginning of year	11,708,166	9,020,187
Bank statement balance at end of year	811,232	11,708,166

7.3 Cash and Cash equivalents

Cash Floats and Advances	1,200	3,200
Other Cash Equivalents	-	-
Cash on hand in Cash Floats, Advances and Equivalents	1,200	3,200

The management of the municipality is of the opinion that the carrying value of Bank Balances, Cash and Cash Equivalents recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Bank Balances, Cash and Cash Equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

8. PROPERTY, PLANT AND EQUIPMENT

30 June 2010

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2009	8,231,425	149,924,288	4,765,703	-	9,988,062	-	-	172,909,478
Cost	9,990,150	185,418,612	7,719,915	-	20,439,233	-	-	223,567,910
- Completed Assets	9,990,150	184,055,932	7,719,915	-	20,439,233	-	-	222,205,230
- Under Construction	-	1,362,680	-	-	-	-	-	1,362,680
Accumulated Depreciation:	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Cost	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Revaluation	-	-	-	-	-	-	-	-
Acquisitions	439,658	21,594,802	0	-	319,161	-	1,428,580	23,782,202
Borrowing Costs Capitalised	-	-	-	-	-	-	-	-
Carrying value of Transfers to Held-for-Sale:	(3,246,529)	-	-	-	-	-	-	(3,246,529)
- Cost	(3,246,529)	-	-	-	-	-	-	(3,246,529)
Carrying values at 30 June 2010	5,424,554	171,519,090	4,765,703	-	10,307,223	-	1,428,580	193,445,151
Cost	7,183,279	207,013,414	7,719,915	-	20,758,394	-	1,428,580	244,103,583
- Completed Assets	7,183,279	205,650,734	7,719,915	-	20,758,394	-	1,428,580	242,740,903
- Under Construction	-	1,362,680	-	-	-	-	-	1,362,680
Accumulated Depreciation:	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Cost	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Revaluation	-	-	-	-	-	-	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2009

Reconciliation of Carrying Value

Description	Land and Buildings	Infra-structure	Community	Heritage	Other	Housing Development Fund	Leased Infra-structure	Total
	R	R	R	R	R	R	R	R
Carrying values at 01 July 2008	7,965,641	143,355,211	4,908,088	-	9,087,499	-	-	165,316,439
Cost	9,515,294	170,454,557	7,543,642	-	16,743,876	-	-	204,257,369
- Completed Assets	9,515,294	170,454,557	7,543,642	-	16,743,876	-	-	204,257,369
- Under Construction	-	-	-	-	-	-	-	-
Change in Accounting Policy/ Correction of error (Note 32 and 33) (Accumulated depreciation/ landfill sites)	209,072	8,394,978	318,658	-	2,794,794	-	-	11,717,502
Accumulated Depreciation:	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Cost	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
Acquisitions	474,856	13,601,375	176,273	-	2,627,451	-	-	16,879,955
Capital under Construction - Additions	-	1,362,680	-	-	-	-	-	1,362,680
- Cost	-	1,362,680	-	-	-	-	-	1,362,680
Depreciation:	(209,072)	(8,394,978)	(318,658)	-	(1,726,887)	-	-	(10,649,595)
- Based on Cost	(209,072)	(8,394,978)	(318,658)	-	(1,726,887)	-	-	(10,649,595)
Carrying values at 30 June 2009	8,231,425	149,924,288	4,765,703	-	9,988,062	-	-	172,909,478
Cost	9,990,150	185,418,612	7,719,915	-	20,439,233	-	-	223,567,910
- Completed Assets	9,990,150	184,055,932	7,719,915	-	20,439,233	-	-	222,205,230
- Under Construction	-	1,362,680	-	-	-	-	-	1,362,680
Accumulated Depreciation:	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Cost	(1,758,725)	(35,494,324)	(2,954,212)	-	(10,451,171)	-	-	(50,658,432)
- Revaluation	-	-	-	-	-	-	-	-

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:

- Land; and
- Componentised infrastructure assets.

The municipality did not measure the following, in terms of the transitional provisions:

- Review of useful life of item of PPE recognised in the Annual Financial Statements;
- Review of the depreciation method applied to PPE recognised in the Annual Financial Statements;
- Review of residual values of item of PPE recognised in the Annual Financial Statements;
- Impairment of non-cash generating assets; and
- Impairment of cash generating assets.

The municipality is currently in a process of valuing all identified Property, Plant and Equipment in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 Financial Statements. The municipality has itemised all infrastructure and community assets and will recalculate accumulated depreciation once values have been attached to these components. At present depreciation on these assets is not calculated or estimated as the values of assets are expected to increase once the fair values of all assets has been determined.

Total Property, Plant and Equipment held by the municipality at 30 June 2010 amounted to R193,814 million (2009: R173,3 million), comprising the amounts analysed above (2009: R605,722 million; 2008: R605,722 million) and Assets classified as Held-for-Sale R3,246 million (2009: nil).

The leased property, plant and equipment is secured as set out in Note 15.

Refer to Appendices "B, C and E (2)" for more detail on Property, Plant and Equipment, including those in the course of construction.

Insurance receipts to the value of R265,489 were received during the year in respect of two motor vehicles that were involved in accidents.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
8. PROPERTY, PLANT AND EQUIPMENT (Continued)		
8.1 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal:		
Land and Buildings	3,246,529	-
Carrying Value of PPE retired from active use and held for disposal	3,246,529	-

9. INTANGIBLE ASSETS

At Cost less Accumulated Amortisation and Accumulated Impairment Losses	379,640	358,400
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The movement in Intangible Assets is reconciled as follows:

	Computer Software	Website Development	Total
Carrying values at 01 July 2009	358,400	-	358,400
Cost	358,400	-	358,400
Acquisitions during the Year:	21,240	-	21,240
Purchased	21,240	-	21,240
Internally Developed	-	-	-
Carrying values at 30 June 2010	379,640	-	379,640
Cost	379,640	-	379,640
	Computer Software	Website Development	Total
Carrying values at 01 July 2008	260,400	-	260,400
Cost	260,400	-	260,400
Acquisitions during the Year:	98,000	-	98,000
Purchased	98,000	-	98,000
Carrying values at 30 June 2009	358,400	-	358,400
Cost	358,400	-	358,400

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 31).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

The following restrictions apply to Intangible Assets:

Refer to Appendix "B" for more detail on Intangible Assets.

All intangible assets were identified by the entity during the year but were not valued as per Directive 4 of the Accounting Standards Board.

10. INVESTMENT PROPERTY

At Fair Value		
At Cost less Accumulated Depreciation	-	-

The municipality currently holds 11 items of land that have been classified as investment property. They have utilised the allowances as per Directive 4 of the Accounting Standards Board and have therefore not valued the property for the current year.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
11. CONSUMER DEPOSITS		
Electricity and Water	2,617,860	2,368,563
Other deposits	16,780	11,695
Total Consumer Deposits	2,634,640	2,380,258
Guarantees held in lieu of Electricity and Water Deposits	-	-

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account.

No interest is paid on Consumer Deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer Deposits approximate their fair values.

The fair value of Consumer Deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

12. PROVISIONS

Performance Bonuses	201,832	163,602
Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 16 below)	546,044	516,088
Current Portion of Non-Current Provisions (See Note 17 below):	320,464	250,711
Cleaning of Illegal Dumping	-	-
Clearing of Alien Vegetation	-	-
Long-term Service	320,464	250,711
Rehabilitation of Land-fill Sites	-	-
Total Provisions	1,068,340	930,401

Provisions have been restated to correctly classify the rehabilitation provision. Refer to Note 32 on "Change in Accounting Policy" for details of the restatement.

Performance Bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

The movement in current provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

	Performance Bonuses R
30 June 2010	
Balance at beginning of year	163,602
Contributions to provision	38,230
Balance at end of year	201,832
30 June 2009	
Balance at beginning of year	4,971,085
Contributions to provision	-
Expenditure incurred	(4,807,483)
Balance at end of year	163,602

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
13. CREDITORS		
Trade Creditors	2,548,073	15,124
Payments received in Advance	1,515,825	868,409
Retentions	1,362,680	1,362,680
Staff Bonuses	-	-
Sundry Deposits	490,266	-
Other Creditors	1,156,215	517,952
Accrued back-pay	813,824	
Accrued leave	1,689,201	1,466,388
Total Creditors	9,576,084	4,230,553

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of Creditors approximate their fair values.

The fair value of Creditors was determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

14.1 Conditional Grants from Government

	50,057	3,622,248
National Government Grants	-	-
Provincial Government Grants	-	3,482,221
Local Government Grants	50,057	140,027
Other Spheres of Government	-	-

14.2 Other Conditional Receipts

Developers Contributions	-	-
Public Contributions	-	-
Total Conditional Grants and Receipts	50,057	3,622,248

The amount for Unspent Conditional Grants and Receipts are deposited in ring-fenced investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Other Spheres of Government. The Unspent Grants are cash backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
15. LONG TERM LIABILITIES		
Local Registered Stock	-	-
Annuity Loans	66,327,411	70,236,707
Finance Lease Liabilities	1,079,284	-
Government Loans	-	-
Other Loans	-	-
Sub-total	67,406,695	70,236,707
Less: Current Portion transferred to Current Liabilities:-	10,703,596	12,680,607
Local Registered Stock	-	-
Annuity Loans	10,244,658	12,680,607
Finance Lease Liabilities	458,937	-
Government Loans	-	-
Other Loans	-	-
Total Long-term Liabilities (Neither past due, nor impaired)	56,703,099	57,556,100

15.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 5 to 15 (2009: 5 to 15) years and at interest rates varying from 8.631% to 12.2% (2009: 8.631% to 12.2%) per annum. Annuity Loans are not secured.

Finance Lease Liabilities relates to printers and copiers with lease terms of 3 (2009: 0) years. The effective interest rate on Finance Leases is 12% (2009: 0%). Capitalised Lease Liabilities are secured over the items of equipment leased.

The management of the municipality is of the opinion that the carrying value of Long-term Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

15.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 3 years (2009: 0 years). The effective interest rate on Finance Leases is between 11% and 48.13% (2009: 0%).

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2010 R	2009 R	2010 R	2009 R
Amounts payable under finance leases:				
Within one year	563,754	-	458,937	-
In the second to fifth years, inclusive	663,219	-	620,347	-
Over five years	-	-	-	-
	1,226,973	-	1,079,284	-
Less: Future Finance Obligations	147,689	-	-	-
Present Value of Minimum Lease Obligations	1,079,284	-	1,079,284	-
Less: Amounts due for settlement within 12 months (Current Portion)			(458,937)	-
Finance Lease Obligations due for settlement after 12 months (Non-current Portion)			620,347	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R **2009**
R

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the

(i) Itec printers and copiers	R 1,428,580
- Instalments are payable monthly in advance	
- Average period outstanding	27 months
- Average effective interest rate	12.00%
- Average monthly instalment	R 46,979.49

15.3 Breach of Loan Agreement

During 2009/2010 the municipality did not make all repayments on its DBSA loans with a carrying amount of R57,545,479. The delay arose because of a lack of funds during the year. The interest payment outstanding has yet to be repaid and this has resulted in fruitless and wasteful expenditure as per Note 37.2. The lender did not request accelerated repayment of the loan and the terms of the loan were not changed. Management has reviewed the municipality's settlement procedures to ensure that such circumstances do not recur.

2010
R **2009**
R

16. RETIREMENT BENEFIT LIABILITIES

16.1 Post-retirement Health Care Benefits Liability

Balance at beginning of Year	12,925,872	12,430,823
Contributions to Provision	516,088	453,940
Increase due to Discounting	1,208,137	1,320,133
Expenditure incurred	(472,548)	(437,496)
Reduction due to Re-measurement	(574,503)	(325,440)
Balance at end of Year	13,603,046	13,441,960
Transfer to Current Provisions	(29,956)	(516,088)
Total Post-retirement Health Care Benefits Liability	13,573,090	12,925,872

Retirement Benefit Liabilities have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 32 on "Change in Accounting Policy" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	161	161
Continuation Members (Retirees, widowers and orphans)	16	16
Total Members	177	177

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
The liability in respect of past service has been estimated as follows:		
In-service Members	6,448,613	6,139,328
Continuation Members	7,670,521	7,302,632
Total Liability	14,119,134	13,441,960

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2010 is estimated to be R516 088, whereas the cost for the ensuing year is estimated to be R546 044.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.22%	0.00%
Health Care Cost Inflation Rate	7.27%	0.00%
Net Effective Discount Rate	1.82%	0.00%
Expected Return on Plan Assets	0.00%	0.00%
Expected Rate of Salary Increase	0.00%	0.00%
Expected Return on Reimbursement Rights	0.00%	0.00%
Expected Retirement Age	63	-

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	13,441,960	12,430,823
Current service costs	516,088	453,940
Interest cost	1,208,137	1,320,133
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(472,548)	(437,496)
Actuarial losses / (gains)	(574,503)	(325,440)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Present Value of Fund Obligation at the end of the Year	14,119,134	13,441,960
Actuarial losses / (gains) unrecognised	-	-
Total Recognised Benefit Liability	14,119,134	13,441,960

Movements in the present value of the Defined Benefit Assets were as follows:

Balance at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions from the employer	-	-
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	-	-
Actuarial gains / (losses)	-	-
Assets distributed on settlements	-	-
Balance at the end of the year	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	14,119,134	13,441,960
Fair value of plan assets	-	-
	<u>14,119,134</u>	<u>13,441,960</u>
Present value of unfunded obligations	-	-
Deficit	<u>14,119,134</u>	<u>13,441,960</u>
Unrecognised Past-service Cost	-	-
Unrecognised Actuarial Gains / (Losses)	-	-
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	<u>14,119,134</u>	<u>13,441,960</u>
The amounts recognised in the Statement of Financial Performance are as follows:		
Current service cost	516,088	453,940
Interest cost	1,208,137	1,320,133
Expected return on plan assets	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	(574,503)	(325,440)
Vested past service costs	(472,548)	(437,496)
Losses / (Gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 26)	<u>677,174</u>	<u>1,011,137</u>

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:

	Expected Return		Fair Value of Plan Assets	
	2010 %	2009 %	2010 R	2009 R
Equity instruments	0.00%	0.00%	-	-
Debt instruments	0.00%	0.00%	-	-
Property	0.00%	0.00%	-	-
Other (describe)	0.00%	0.00%	-	-
Weighted average expected return	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The history of experienced adjustments is as follows:

	2010 R	2009 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	14,119,134	13,441,960	12,430,823	-	-
Fair Value of Plan Assets	-	-	-	-	-
Deficit	<u>14,119,134</u>	<u>13,441,960</u>	<u>12,430,823</u>	<u>-</u>	<u>-</u>
Experienced adjustments on Plan Liabilities	-	-	-	-	-
Experienced adjustments on Plan Assets	-	-	-	-	-

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2004 reporting period.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost		-
Effect on the defined benefit obligation	7,888,000	-
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	-	-
Effect on the defined benefit obligation	5,320,000	-

17. NON-CURRENT PROVISIONS

Provision for Cleaning of Illegal Dumping	-	-
Provision for Clearing of Alien Vegetation	-	-
Provision for Long Service Awards	2,028,223	1,874,070
Provision for Rehabilitation of Land-fill Sites	1,256,972	1,174,697
Total Non-current Provisions	<u>3,285,195</u>	<u>3,048,767</u>

Non-current Provisions have been restated to adhere to the disclosure provisions of IAS 19. Refer to Note 32 on "Change in Accounting Policy" for details of the restatement.

The movement in Non-current Provisions are reconciled as follows:

	Illegal Dumping R	Alien Vegetation R	Long Service Awards R	Land-fill Sites R
30 June 2010				
Balance at beginning of year	-	-	1,874,070	1,174,697
Contributions to provision	-	-	250,711	82,275
Increase due to discounting	-	-	185,599	-
Expenditure incurred	-	-	(222,169)	-
Reduction due to re-measurement	-	-	9,765	-
	<u>-</u>	<u>-</u>	<u>2,097,976</u>	<u>1,256,972</u>
Transfer to current provisions	-	-	(69,753)	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>2,028,223</u>	<u>1,256,972</u>
30 June 2009				
Balance at beginning of year	-	-	1,951,178	1,067,906
Contributions to provision	-	-	249,909	106,791
Increase due to discounting	-	-	201,053	-
Expenditure incurred	-	-	(234,987)	-
Reduction due to re-measurement	-	-	(42,372)	-
	<u>-</u>	<u>-</u>	<u>2,124,781</u>	<u>1,174,697</u>
Transfer to current provisions	-	-	(250,711)	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>1,874,070</u>	<u>1,174,697</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R **2009**
R

17.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. Furthermore a Retirement Gift is payable on retirement to employees with 10 years or more service. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2010 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 279 employees were eligible for Long-services Awards.

The Current-service Cost for the year ending 30 June 2010 is estimated to be R250 711, whereas the cost for the ensuing year is estimated to be R320 464.

2010
R **2009**
R

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount Rate	9.10%	0.00%
Cost Inflation Rate	0.00%	0.00%
Net Effective Discount Rate	2.52%	0.00%
Expected Return on Plan Assets	0.00%	0.00%
Expected Rate of Salary Increase	6.42%	0.00%
Expected Return on Reimbursement Rights	0.00%	0.00%
Expected Retirement Age	63	-

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	2,124,781	1,951,178
Current service costs	250,711	249,909
Interest cost	185,599	201,053
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	(222,169)	(234,987)
Actuarial losses / (gains)	9,765	(42,372)
Losses / (gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Present Value of Fund Obligation at the end of the Year	2,348,687	2,124,781

Actuarial losses / (gains) unrecognised

- -

Total Recognised Benefit Liability

2,348,687 **2,124,781**

Movements in the present value of the Defined Benefit Assets were as follows:

Balance at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions from the employer	-	-
Contributions from plan participants	-	-
Past-service costs	-	-
Benefits paid	-	-
Actuarial gains / (losses)	-	-
Assets distributed on settlements	-	-
Balance at the end of the year	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	2,348,687	2,124,781
Fair value of plan assets	-	-
	<u>2,348,687</u>	<u>2,124,781</u>
Present value of unfunded obligations	-	-
Deficit	<u>2,348,687</u>	<u>2,124,781</u>
Past-service cost not recognised	-	-
Actuarial gains / (losses) not recognised	-	-
Restrictions on asset recognised	-	-
Fair value of reimbursement rights recognised	-	-
Total Benefit Liability	<u>2,348,687</u>	<u>2,124,781</u>

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	250,711	249,909
Interest cost	185,599	201,053
Expected return on plan assets	-	-
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	9,765	(42,372)
Vested past service costs	(222,169)	(234,987)
Losses / (Gains) arising from curtailments or settlements	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Total Post-retirement Benefit included in Employee Related Costs (Note 26)	<u>223,906</u>	<u>173,603</u>

The major categories of plan assets, and the expected rate of return at the balance sheet date for each category, are as follows:

	Expected Return		Fair Value of Plan Assets	
	2010 %	2009 %	2010 R	2009 R
Equity instruments	0.00%	0.00%	-	-
Debt instruments	0.00%	0.00%	-	-
Property	0.00%	0.00%	-	-
Other (describe)	0.00%	0.00%	-	-
Weighted average expected return	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The history of experienced adjustments is as follows:

	2010 R	2009 R	2009 R	2008 R	2007 R
Present Value of Defined Benefit Obligation	2,348,687	2,124,781	1,951,178	-	-
Fair Value of Plan Assets	-	-	-	-	-
Deficit	<u>2,348,687</u>	<u>2,124,781</u>	<u>1,951,178</u>	<u>-</u>	<u>-</u>
Experienced adjustments on Plan Liabilities	-	-	-	-	-
Experienced adjustments on Plan Assets	-	-	-	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:		
Increase:		
Effect on the aggregate of the current service cost and the interest cost	-	-
Effect on the defined benefit obligation	125,313	-
Decrease:		
Effect on the aggregate of the current service cost and the interest cost	-	-
Effect on the defined benefit obligation	(113,687)	-

The municipality expects to make a contribution of R320 464 (2010: R250 711) to the defined benefit plans during the next financial year.

The transitional Defined Benefit Liabilities for Long Service Awards have been recognised in the Annual Financial Statements of the municipality as at 30 June 2010 in terms of IAS 19, Employee Benefits, paragraph 155(a). The municipality has elected to recognise the full increase in this Defined Benefit Liability immediately, thus the full transitional liability have been recognised as at 30 June 2010.

17.2 Rehabilitation of Land-fill Sites

In terms of the licensing of the landfill refuse sites, the municipality will incur licensing and rehabilitation costs of R3,285 million (2009: R 2,836 million) to restore the site at the end of its useful life. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

18. ACCUMULATED SURPLUS

The Accumulated Surplus consists of the following Internal Funds and Reserves:

Capital Replacement Reserve (CRR)	-	-
Capitalisation Reserve	6,513,972	6,513,972
Donations and Public Contributions Reserve	1,337,076	1,337,076
Government Grants Reserve	8,406,483	8,406,483
Self-insurance Reserve	-	-
Accumulated Surplus / (Deficit) due to the results of Operations	105,727,533	60,636,163
Total Accumulated Surplus	121,985,064	76,893,694

Accumulated Surplus has been restated to correctly classify amounts to be included in Creditors. Refer to Note 33 on "Correction of Error" for details of the restatement.

The **Capitalisation Reserve** equals the carrying value of the items of property, plant and equipment from the former legislated funds. The Capitalisation Reserve ensures consumer equity and is not backed by cash.

The **Donations and Public Contributions Reserve** equals the carrying value of the items of property, plant and equipment financed from public contributions and donations. The Donations and Public Contributions Reserve ensures consumer equity and is not backed by cash.

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

			2010 R	2009 R
19. PROPERTY RATES				
	Property Valuations		Actual Levies	
	July 2010 R000's	July 2009 R000's		
Residential and commercial	3,153,786,137	508,911,270	15,122,125	7,100,458
Total Assessment Rates	<u><u>3,153,786,137</u></u>	<u><u>508,911,270</u></u>	<u><u>15,122,125</u></u>	<u><u>7,100,458</u></u>
				120,651.16
Attributable to:				
Continuing Operations			15,122,125	7,100,458
Discontinued Operations			-	-
			<u><u>15,122,125</u></u>	<u><u>7,100,458</u></u>

Property Rates have been restated owing to VAT incorrectly processed during the 2009 year. Refer to Note 33 on "Correction of Error" for details of the restatement.

Assessment Rates are levied on the value of land and improvements, which valuation is performed every four years. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A uniform rate for the same class and type of property will be applied with the implementation of the Property Rates Act. It is envisaged that such rate will be introduced with effect 1 July 2010.

Rates are levied monthly on property owners and are payable the 7th of each month. Property owners can request that the full amount for the year be raised in July in which case the amount has to be paid by 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

20. INTEREST EARNED

Investments	232,293	2,022,346
Other Interest	-	-
Total Interest Earned	<u><u>232,293</u></u>	<u><u>2,022,346</u></u>
Interest Earned on Financial Assets, analysed by category of asset, is as follows:		
Available-for-Sale Financial Assets	232,293	2,022,346
Loans and Receivables	-	-
Held-to-Maturity Investments	-	-
	<u>232,293</u>	<u>2,022,346</u>
Interest Earned on Non-financial Assets	<u>-</u>	<u>-</u>
	<u><u>232,293</u></u>	<u><u>2,022,346</u></u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
21. SERVICE CHARGES		
Sale of Electricity	53,319,339	31,339,830
Sale of Water	28,855,447	17,798,873
Refuse Removal	6,728,709	6,371,703
Sewerage and Sanitation Charges	11,656,021	5,118,928
Total Service Charges	100,559,516	60,629,334
Attributable to:		
Continuing Operations	100,559,516	60,629,334
Discontinued Operations	-	-
	100,559,516	60,629,334

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

22. RENTAL OF FACILITIES AND EQUIPMENT

Operating Lease Rental Revenue:		
- Investment Property	-	-
- Other Rental Revenue	-	-
Rental Revenue from Amenities	174,130	
Rental Revenue from Buildings	905,413	982,308
Total Rental of Facilities and Equipment	1,079,543	982,308
Attributable to:		
Continuing Operations	1,079,543	982,308
Discontinued Operations	-	-
	1,079,543	982,308

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
23. GOVERNMENT GRANTS AND SUBSIDIES		
Provincial Equitable Share	12,904,066	10,266,335
Provincial Health Subsidies	-	-
Other Subsidies	-	-
Operational Grants	<u>12,904,066</u>	<u>10,266,335</u>
Conditional Grants	21,790,776	5,083,793
Transport	3,392,430	2,101,943
SETA Training Subsidy	-	256,052
Library Development Fund	220,943	267,000
Arts & Culture	50,000	50,000
MIG	8,417,220	408,779
MSIG	850,000	735,000
FMG	750,000	500,000
Led	100,000	61,031
Library Development Fund	-	193,053
Housing	7,773,277	-
Other Conditional Grants	236,906	510,935
Transferred from Deferred Revenue (offset depreciation on assets funded from Grants)	-	-
Total Government Grants and Subsidies	<u><u>34,694,842</u></u>	<u><u>15,350,128</u></u>
Attributable to:		
Continuing Operations	34,694,842	15,350,128
Discontinued Operations	-	-
	<u><u>34,694,842</u></u>	<u><u>15,350,128</u></u>
Operational Grants:		
23.1 National: Equitable Share	<u>12,904,066</u>	<u>10,266,335</u>
- EQUITABLE SHARE	12,904,066	10,266,335
Conditional Grants:		
23.2 National: MIG Funds		
Balance unspent at beginning of year	3,482,221	-
Current year receipts	4,934,999	3,891,000
Interest allocated	-	-
Conditions met - transferred to Revenue	(8,417,220)	(408,779)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>3,482,221</u>

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads and sewerage infrastructure as part of the upgrading of previously disadvantaged areas (included in the Roads and Sewerage votes in Appendix "B"). No funds have been withheld.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
23.3 National: MSIG Funds		
Balance unspent at beginning of year	-	-
Current year receipts	850,000	735,000
Interest allocated	-	-
Conditions met - transferred to Revenue	(850,000)	(735,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

The Municipal Systems Improvement Grant is allocated to municipalities to improve municipal systems and was used to improve information technology networks and Ward Committee operations. No funds have been withheld.

23.4 National - Department Water and Forests (DWAF)

Balance unspent at beginning of year	-	-
Current year receipts	236,906	510,935
Interest allocated	-	-
Conditions met - transferred to Revenue	(236,906)	(510,935)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

This grant was used to maintain sewerage and water infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

23.5 National: Sport and Development

Balance unspent at beginning of year	-	-
Current year receipts	50,000	50,000
Interest allocated	-	-
Conditions met - transferred to Revenue	(50,000)	(50,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

This grant was received for the promotion and development of sport and will be utilised as such as soon as a project has been identified. No funds have been withheld.

23.6 Provincial: Department Housing, Local Government and Traditional Affairs (DHLGTA)

Balance unspent at beginning of year	-	-
Current year receipts	7,773,277	-
Interest allocated	-	-
Conditions met - transferred to Revenue	(7,773,277)	-
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

This grant was allocated to provide low cost housing for the community. Amounts received are paid over directly to contractors. Excess funds were paid over to contractors during the year (see Appendix E(1)), there were additional funds received as a result of this in the 2011 financial year. No funds have been withheld.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
23.7 Provincial - Department Transport		
Balance unspent at beginning of year	63,148	-
Current year receipts	3,329,282	2,165,091
Interest allocated	-	-
Conditions met - transferred to Revenue	(3,392,430)	(2,101,943)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>63,148</u>

The Municipality allocates funds on an annual basis to ensure that infrastructure is maintained and improved. The grant was utilised for this purpose. No funds have been withheld.

23.8 Provincial - Library Fund

Balance unspent at beginning of year	-	-
Current year receipts	271,000	267,000
Interest allocated	-	-
Conditions met - transferred to Revenue	(220,943)	(267,000)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>50,057</u>	<u>-</u>

The Municipality allocates funds on an annual basis to ensure that library infrastructure is maintained and improved. The grant was utilised for this purpose. No funds have been withheld.

23.8 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2008), government grant funding is expected to increase over the forthcoming three financial years.

24. PUBLIC CONTRIBUTIONS AND DONATIONS

Conditional Contributions	-	-
Unconditional Contributions	3,572,759	429,189
Other Donations	-	-
Total Public Contributions and Donations	<u>3,572,759</u>	<u>429,189</u>

24.1 Reconciliation of Conditional Public Contributions and Donations

Balance unspent at beginning of year	-	-
Current year receipts	3,572,759	429,189
Interest allocated	-	-
Conditions met - transferred to Revenue	(3,572,759)	(429,189)
Conditions met - transferred to Revenue: Capital Expenses	-	-
Other Transfers	-	-
Conditions still to be met - transferred to Liabilities	<u>-</u>	<u>-</u>

The Municipality receives funds from Public Developers to provide municipal services to new developments. The donations were utilised for this purpose. No funds have been withheld.

25. OTHER INCOME

Other Income	1,773,254	1,922,618
Total Other Income	<u>1,773,254</u>	<u>1,922,618</u>
Attributable to:		
Continuing Operations	1,773,254	1,922,618
Discontinued Operations	-	-
	<u>1,773,254</u>	<u>1,922,618</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
26. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	31,682,193	24,226,259
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	6,333,728	5,011,845
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1,820,724	874,229
Housing Benefits and Allowances	886,229	768,486
Overtime Payments	2,624,442	1,911,478
Performance Bonuses	-	-
Defined Benefit Plan Expense:	901,080	1,184,740
Current Service Cost	766,799	703,849
Interest Cost	1,393,736	1,521,186
Expected Return on Plan Assets	-	-
Net Actuarial (gains)/losses recognised	(564,738)	(367,812)
Vested Past Service Cost	(694,717)	(672,483)
Total Employee Related Costs	44,248,396	33,977,037
Attributable to:		
Continuing Operations	44,248,396	33,977,037
Discontinued Operations	-	-
	44,248,396	33,977,037
Included in Employee Related Costs is an amount of R901 080 (2009: R1,2 million) paid by the municipality to Defined Contribution Plans at rates specified by the rules of the plans.		
Remuneration of the Municipal Manager		
Annual Remuneration	490,705	378,587
Performance Bonus	-	-
Car Allowance	240,339	218,778
Company Contributions to UIF, Medical and Pension Funds	96,423	90,289
Total	827,467	687,654
Remuneration of the Director: Finance		
Annual Remuneration	459,735	421,989
Performance Bonus	-	-
Car Allowance	217,439	160,364
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	677,174	582,353
Remuneration of the Director: Corporate Services		
Annual Remuneration	427,828	406,393
Performance Bonus	-	-
Car Allowance	222,045	199,500
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	649,873	605,893
Remuneration of the Director: Community Services		
Annual Remuneration	304,331	468,457
Performance Bonus	-	-
Car Allowance	146,787	133,000
Company Contributions to UIF, Medical and Pension Funds	-	-
Total	451,118	601,457

No compensation was payable to key management personnel in terms of IAS 19 as at 30 June.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
27. REMUNERATION OF COUNCILLORS		
Executive Mayor	476,564	500,258
Councillors	1,002,001	1,038,433
Company Contributions to UIF, Medical and Pension Funds	147,412	94,232
Total Councillors' Remuneration	<u>1,625,977</u>	<u>1,632,923</u>

In-kind Benefits

The Councillors occupying the positions of Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members of the municipality serve in a full-time capacity. They are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

Councillors may utilise official Council transportation when engaged in official duties.

The Executive Mayor has use of Council owned vehicles for official duties.

28. FINANCE COSTS

Loans and Payables at amortised cost	6,374,456	7,901,373
Finance Leases	109,486	-
Bank Overdrafts	-	-
Other	2,304	2,990
Total Interest Expense	<u>6,486,246</u>	<u>7,904,363</u>
Less: Amounts included in the Cost of qualifying Assets	-	-
Total Interest Paid on External Borrowings	<u>6,486,246</u>	<u>7,904,363</u>
Attributable to:		
Continuing Operations	6,486,246	7,904,363
Discontinued Operations	-	-
	<u>6,486,246</u>	<u>7,904,363</u>

29. BULK PURCHASES

Electricity	26,430,524	19,155,352
Water	5,188,809	2,768,221
Total Bulk Purchases	<u>31,619,333</u>	<u>21,923,572</u>

Bulk Purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom whilst Water is purchased from the Department of Water and Forestry.

30. OPERATING GRANT EXPENDITURE

Community Projects	12,140,904	4,352,412
Free Basic Services	2,441,668	3,764,561
- Gamagara Local Municipality	<u>2,441,668</u>	<u>3,764,561</u>
Total Grants and Subsidies	<u>14,582,572</u>	<u>8,116,973</u>
	2,441,667.88	

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
31. GENERAL EXPENSES		
Advertising	262,800	510,886
Audit Fees	1,227,763	885,429
Bad debts	2,170,664	1,500,000
Fuel and Oil	2,159,011	2,101,990
Insurance	589,247	499,138
Internal Audit	377,193	430,000
LED strategy/ policy	450,000	1,102,227
Legal Costs	1,353,698	1,102,227
Other General Expenses	3,200,725	11,319,941
Performance management	383,574	280,424
Printing and Stationery	339,465	473,456
Subsistence and Travelling	1,316,271	1,627,121
Telephone Cost	1,191,753	784,857
Tourism	119,532	1,228
Training Costs	619,197	565,576
Total General Expenses	15,760,893	23,184,500

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense. Inter-departmental Charges are charged to other trading and economic services for support services rendered.

32. CHANGE IN ACCOUNTING POLICY

The municipality adopted the exempted portions of the following International Accounting Standards for the first time during the financial year 2009/2010 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1. These have been implemented as at 30 June 2009:

- IAS 19 Employee Benefits

IAS 19 - Employee Benefits, paragraph 155 (a):

The transitional defined benefit liabilities for Post-employment Health Care Benefits and Long Service Allowances have been recognised in the Annual Financial Statements of the municipality as at 30 June 2010 in terms of IAS 19, 155 (a).

The comparative amounts have been restated. The effect of the change in Accounting Policy is as follows:

Defined Benefit Plan Expenses	-	173,603
Accumulated Surplus / (Deficit)	-	1,951,178
Provision for Long Service Bonus Liability	-	(1,184,740)
Defined Benefit Plan Expenses	-	1,011,137
Accumulated Surplus / (Deficit)	-	12,430,823
Post Retirement Medical Benefits	-	(13,441,960)

GRAP 19 - Provisions

The entity had not determined the provision for the rehabilitation of its landfill sites in the prior year. This was permitted as per the transitional allowances as per Directive 4 of the Accounting Standards Board. In the current year, the municipality obtained professional valuations and adjusted the annual financial statements retrospectively.

Accumulated Surplus / (Deficit)	-	1,776,236
Landfill site	-	1,171,707
Rehabilitation provision	-	(1,174,697)
Interest on landfill rehabilitation provision	-	2,990

GRAP 12 - Inventories

The entity changed its accounting policy in the current year to include water inventory as inventory. This change was performed prospectively as there is currently an allowance as per Directive 4 of the Accounting Standards Board that expires in the next financial year. Hence there is no effect on the comparative figures and there is therefore no restatement.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
33. CORRECTION OF ERROR		
Corrections were made and appropriated to the Accumulated Surplus Account during the financial years ended 30 June.		
Details of the appropriations are as follows:		
Unappropriated Surplus Account:		
Accumulated Depreciation	-	10,649,595
Corrections to Depreciation	-	(10,649,595)
Capitalisation Reserve	-	(1,222,237)
Donations and Public Contribution Reserve	-	(64,180)
Government Grants Reserve	-	(489,819)
Accrued leave - provisions	-	1,466,388
Accrued leave - creditor	-	(1,466,388)
Repairs and maintenance	-	227,566
Furniture and fittings	-	(176,847)
Roads: infrastructure	-	(45,069)
Electricity: infrastructure	-	(5,650)
Intangible assets	-	358,400
Computer hardware	-	(358,400)
Corrections to Other Debtors	-	(120,651)
Corrections to Income	-	120,651
Increase / (Decrease) in Unappropriated Surplus Account	-	(1,776,236)
Increase / (Decrease) in Accumulated Surplus Account		(10,649,595)

The entity has utilised the allowances available under directive 4 of the Accounting Standards Board for both the 2009 and 2010 financial years. This directive allows for Property, plant and Equipment to be valued at provisional amounts. In the prior year the municipality passed depreciation on the existing carrying values of assets and thereafter allocated this depreciation to the relevant reserve accounts. Subsequently, management have determined that when the assets are valued as per the GRAP 17 requirements for the year ended 30 June 2011, there is estimated to be a substantial increase in the carrying values of property, plant and equipment. It was therefore determined that passing depreciation for either the 2009 or 2010 year was not correct as this would further decrease an asset value that is already considered too low by management.

In the previous year, accrued leave was allocated as a provision. However, as per GRAP 19, paragraph 17(b), employees' accrued leave should be treated as an accrual and disclosed under creditors.

Repairs and maintenance were incorrectly capitalised in the prior year.

Computer machinery included the cost of software in the previous year, this has been corrected retrospectively.

In the prior year, taxes were incorrectly levied on rates, this has been corrected retrospectively.

33.1 Reclassification of errors:

The effect of the Correction of Error is as follows:

	2008/2009 Previously stated	2008/2009 Error	Restated Amount
Accumulated Depreciation	(61,308,027)	10,649,595	(50,658,432)
Depreciation	10,649,595	(10,649,595)	-
Other Debtors	1,800,151	(120,651)	1,679,500
Revenue from non-exchange transactions	(7,100,458)	120,651	(6,979,807)
Net income - net effect	(14,003,120)	(10,301,378)	(3,701,742)
Repairs and maintenance	3,360,404	227,566	3,132,838
Furniture and fittings - additions	452,992	(176,847)	629,839
Roads: infrastructure - additions	2,147,012	(45,069)	2,192,081
Electricity: infrastructure - additions	2,907,012	(5,650)	2,912,662
Intangible assets	0	(358,400)	358,400
Computer hardware	2,912,202	358,400	2,553,802
	(58,182,237)	(10,301,378)	(47,880,859)

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
34. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the Year	45,091,370	(4,889,472)
Adjustment for:		
Correction of prior year Error	-	(6,414,464)
Gains on Disposal of Property, Plant and Equipment	(1,704,028)	(5,555,600)
Contribution to Provisions - Current	(3,152,158)	2,613,364
Contribution to Provisions - Non-current	883,646	524,732
Transfer of assets to non-current assets held for sale	3,246,529	
Investment Income	(232,293)	(2,022,346)
Finance Costs	6,486,246	7,904,363
Operating surplus before working capital changes	50,619,310	(7,839,423)
 (Increase)/Decrease in Inventories	 (90,411)	 (112,603)
(Increase)/Decrease in Non-Current Assets Held-for-Sale	(3,246,529)	-
(Increase)/Decrease in Consumer Debtors	1,148,722	3,900,410
(Increase)/Decrease in Other Debtors	(14,959,550)	(871,369)
(Increase)/Decrease in VAT Receivable	(733,152)	1,676,341
(Increase)/Decrease in Operating Lease Assets	-	-
Increase/(Decrease) in Consumer Deposits	254,382	627,323
Increase/(Decrease) in Creditors	5,345,531	(1,134,807)
Increase/(Decrease) in Conditional Grants and Receipts	(3,572,191)	3,964,510
Increase/(Decrease) in VAT Payable	-	-
Cash generated by / (utilised in) Operations	34,766,113	210,382

35. NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2009/2010 financial year.

36. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

Long-term Liabilities (See Note 15)	67,406,695	70,236,707
Used to finance Property, Plant and Equipment - at cost	(67,406,695)	(70,236,707)
 Sub-total	 -	 -
 Cash set aside for the Repayment of Long-term Liabilities (See Notes 7 and 15)	 -	 -
Cash invested for Repayment of Long-term Liabilities	-	-

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R

2009
R

37. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

37.1 Unauthorised Expenditure

37.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	-	82,332
Fruitless and Wasteful Expenditure current year	2,107,922	-
Condoned or written off by Council	-	(82,332)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Fruitless and Wasteful Expenditure awaiting condonement	<u>2,107,922</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings
Interest, penalties and acting allowances - 2107921.91	None

37.3 Irregular Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	-	459,808
Irregular Expenditure current year	682,626	-
Condoned or written off by Council	-	(459,808)
To be recovered – contingent asset	-	-
Transfer to receivables for recovery	-	-
Irregular Expenditure awaiting condonement	<u>682,626</u>	<u>-</u>

Incident	Disciplinary Steps / Criminal Proceedings

Acting allowances received more than 12 months 43,656

SCM Policies adhere to R 638 970

37.4 Unauthorised Expenditure

Reconciliation of Irregular Expenditure:

Opening balance	722,751	-
Unauthorised Expenditure current year	9,320,078	722,751
Condoned or written off by Council	-	-
To be recovered – contingent asset	(722,751)	-
Transfer to receivables for recovery	-	-
Unauthorised Expenditure awaiting condonement	<u>9,320,078</u>	<u>722,751</u>

Incident	Disciplinary Steps / Criminal Proceedings
Unbudgeted for Mayoral expenditure - R1,624,486	The matter is being investigated
Budgeted for RDP housing under capital instead of expenditure - R7,576,341	The matter is being investigated
Unbudgeted for Finance department - R119,251	The matter is being investigated

38. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

38.1 Contributions to organised local government - SALGA

Opening Balance	-	-
Council Subscriptions	267,202	139,508
Amount Paid - current year	(267,202)	(139,508)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.2 Audit Fees

Opening Balance	-	-
Current year Audit Fee	1,227,763	885,429

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
Amount Paid - current year	(1,227,763)	(885,429)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.3 VAT

VAT inputs receivables and VAT outputs receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

	2010 R	2009 R
38.4 PAYE and UIF		
Opening Balance	-	-
Current year Payroll Deductions	4,984,158	3,534,312
Amount Paid - current year	(4,984,158)	(3,534,312)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.5 Pension and Medical Aid Deductions

Opening Balance	-	-
Current year Payroll Deductions and Council Contributions	5,967,663	3,014,632
Amount Paid - current year	(5,967,663)	(3,014,632)
Amount Paid - previous years	-	-
Balance Unpaid (included in Creditors)	<u>-</u>	<u>-</u>

38.6 Councillor's arrear Consumer Accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

30 June 2010	Total	Outstanding up to 90 days	Outstanding more than 90 days
Cllr C Olivier	161	161	
Cllr L Bosman	373	373	-
Cllr J G Diniza	568	568	-
Cllr O E Hantise	11,220	11,123	97
Cllr S Kaars	202	202	-
Total Councillor Arrear Consumer Accounts	<u>12,524</u>	<u>12,427</u>	<u>97</u>

30 June 2009	Total	Outstanding up to 90 days	Outstanding more than 90 days
Cllr L Bosman	-	330	-
Total Councillor Arrear Consumer Accounts	<u>-</u>	<u>330</u>	<u>-</u>

During the year the following Councillors had arrear accounts outstanding for more than 90 days:

30 June 2010	Highest amount outstanding	Ageing
Cllr O E Hantise	97	> 90 Days

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R

2009
R

38.7 Non-Compliance with Chapter 11 of the Municipal

Finance Management Act

No known matters existed at reporting date.

38.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

See matters detailed under irregular expenditure above for expenditure not incurred in line with Supply Chain policy.

39. COMMITMENTS FOR EXPENDITURE

39.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure

31,704,000	8,247,643
31,704,000	8,247,643

- Approved but Not Yet Contracted for:-

Infrastructure

3,027,121	-
3,027,121	-

Total Capital Commitments

34,731,121	8,247,643
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This expenditure will be financed from:

External Loans

- 4,765,422

Capital Replacement Reserve

- -

Government Grants

34,731,121 3,482,221

34,731,121 8,247,643

Commitments for the acquisition of Property, Plant and Equipment

34,731,121 8,247,643

39.2 Lease Commitments

Finance Lease Liabilities are disclosed in Note 15.

40. FINANCIAL INSTRUMENTS

40.1 Classification

FINANCIAL ASSETS:

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Assets</u>	<u>Classification</u>		
Consumer Debtors			
Assessment Rates	Loans and receivables	6,321,893	2,474,749
Electricity	Loans and receivables	4,001,609	896,613
Refuse	Loans and receivables	1,091,434	861,419
Sewerage	Loans and receivables	733,673	421,367
Water	Loans and receivables	1,862,217	1,522,038
Other Debtors	Loans and receivables	269,397	606,497
Other Debtors			
Projects	Loans and receivables	-	786,439
Sundry Debtors	Loans and receivables	12,498,412	599,567
Bank, Cash and Cash Equivalents			
Bank Balances	Available for sale	2,930,516	561,200

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

		2010 R	2009 R
SUMMARY OF FINANCIAL ASSETS			
Loans and Receivables			
Consumer Debtors	Assessment Rates	6,321,893	2,474,749
Consumer Debtors	Electricity	4,001,609	896,613
Consumer Debtors	Refuse	1,091,434	861,419
Consumer Debtors	Sewerage	733,673	421,367
Consumer Debtors	Water	1,862,217	1,522,038
Consumer Debtors	Other Debtors	269,397	606,497
Other Debtors	Projects	-	786,439
Other Debtors	Sundry Debtors	12,498,412	599,567
		<u>26,778,633</u>	<u>8,168,689</u>
Available for Sale:			
Bank Balances and Cash	Bank Balances	2,930,516	561,200
		<u>2,930,516</u>	<u>561,200</u>
Total Financial Assets		<u>29,709,150</u>	<u>8,729,889</u>

FINANCIAL LIABILITIES:

In accordance with IAS 39.09 the Financial Liabilities of the municipality are classified as follows (FVTPL = Fair Value through Profit or Loss):

<u>Financial Liabilities</u>	<u>Classification</u>		
Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	56,082,753	57,556,100
Consumer Deposits			
Electricity and Water	Financial liabilities at amortised cost	2,617,860	2,368,563
Creditors			
Trade Creditors	Financial liabilities at amortised cost	2,548,073	15,124
Payments received in Advance	Financial liabilities at amortised cost	1,515,825	868,409
Retentions	Financial liabilities at amortised cost	1,362,680	1,362,680
Sundry Deposits	Financial liabilities at amortised cost	490,266	-
Other Creditors	Financial liabilities at amortised cost	1,156,215	517,952
Bank Overdraft			
Bank Overdraft	Financial liabilities at amortised cost	4,634,674	5,848,090
Current Portion of Long-term Liabilities			
Annuity Loans	Financial liabilities at amortised cost	10,244,658	12,680,607

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Long-term Liabilities	Annuity Loans	56,082,753	57,556,100
Consumer Deposits	Electricity and Water	2,617,860	2,368,563
Creditors	Trade Creditors	2,548,073	15,124
Creditors	Payments received in Advance	1,515,825	868,409
Creditors	Retentions	1,362,680	1,362,680
Creditors	Sundry Deposits	490,266	-
Creditors	Other Creditors	1,156,215	517,952
Bank Overdraft	Bank Overdraft	4,634,674	5,848,090
Current Portion of Long-term Liabilities	Annuity Loans	10,244,658	12,680,607
		<u>80,653,004</u>	<u>81,217,525</u>
Total Financial Liabilities		<u>80,653,004</u>	<u>81,217,525</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R **2009**
R

40.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- the Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices;
- the Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;
- the Fair Value of Derivative Instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the Fair Value of Financial Guarantee Contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Quoted Prices

Financial Assets in this category include Listed Redeemable Notes, Bills of Exchange and Debentures. Financial Liabilities include Bills of Exchange and Perpetual Notes.

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio's of the municipality's debtors.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2010, as a result of the short-term maturity of these assets and liabilities.

	30 June 2010		30 June 2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL ASSETS				
Loans and Receivables	26,778,633	26,778,633	8,168,689	8,168,689
Consumer Debtors	14,280,222	14,280,222	6,782,683	6,782,683
Other Debtors	12,498,412	12,498,412	1,386,006	1,386,006
Available for Sale	2,930,516	2,930,516	561,200	561,200
Bank Balances and Cash	2,930,516	2,930,516	561,200	561,200
Total Financial Assets	<u>29,709,150</u>	<u>29,709,150</u>	<u>8,729,889</u>	<u>8,729,889</u>
	30 June 2010		30 June 2009	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
FINANCIAL LIABILITIES				
Designated as FVTPL:	80,653,004	80,653,004	81,217,525	81,217,525
Unsecured Bank Facilities:	60,717,427	60,717,427	63,404,190	63,404,190
- Annuity Loans	56,082,753	56,082,753	57,556,100	57,556,100
- Bank Overdraft	4,634,674	4,634,674	5,848,090	5,848,090
Trade and Other Payables:	19,935,578	19,935,578	17,813,335	17,813,335
- Consumer Deposits	2,617,860	2,617,860	2,368,563	2,368,563
- Creditors	7,073,059	7,073,059	2,764,165	2,764,165
- Current Portion of Long-term Liabilities	10,244,658	10,244,658	12,680,607	12,680,607
Total Financial Liabilities	<u>80,653,004</u>	<u>80,653,004</u>	<u>81,217,525</u>	<u>81,217,525</u>
Total Financial Instruments	<u>(50,943,855)</u>	<u>(50,943,855)</u>	<u>(72,487,636)</u>	<u>(72,487,636)</u>
Unrecognised Gain / (Loss)		<u>-</u>		<u>-</u>

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R **2009**
R

40.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in Note 15, Bank, Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 7 and the Statement of Changes in Net Assets.

Gearing Ratio

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 61,00%, reducing from 100,00%. The entity managed to return a surplus for the current year which helped reduce this ratio to a more acceptable level.

	2010 R	2009 R
The gearing ratio at the year-end was as follows:		
Debt	70,962,085	76,084,797
Bank, Cash and Cash Equivalents	(2,930,516)	(561,200)
Net Debt	<u>68,031,569</u>	<u>75,523,597</u>
Equity	<u>121,985,064</u>	<u>76,893,694</u>
Net debt to equity ratio	<u>55.77%</u>	<u>98.22%</u>

Debt is defined as Long- and Short-term Liabilities, as detailed in Note 15.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance.

40.4 Financial Risk Management Objectives

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the municipality through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Directorate: Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

40.5 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R

2009
R

40.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

The municipality's activities expose it primarily to the financial risks of interest rates and other price risks. .

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

40.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

40.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. No investment with a tenure exceeding twelve months shall be made without consultation with the councillor responsible for financial matters.

Consumer debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is exposed to interest rate risk as the municipality borrows funds at both fixed and floating interest rates. The risk is managed by the municipality by maintaining an appropriate mix between fixed and floating rate borrowings, such borrowing being below market related rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The municipality had no floating rate long-term financial instruments at year-end requiring an Interest Rate Sensitivity Analysis.

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

40. FINANCIAL INSTRUMENTS (Continued)

40.7 Effective Interest Rates and Repricing Analysis

In accordance with IFRS 7 .40 the following tables indicate the average effective interest rates of Income-earning Financial Assets and Interest-bearing Financial Liabilities at the reporting date and the periods in which they mature or, if earlier, reprice:

30 June 2010

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
VARIABLE RATE INSTRUMENTS	#	%	R	R	R	R		R
Bank Balances and Cash	22	4.40%	2,930,516	-	128,943	-	-	-
Total Fixed Rate Instruments			2,930,516	-	128,943	-	-	-

30 June 2009

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
VARIABLE RATE INSTRUMENTS	#	%	R	R	R	R		R
Bank Balances and Cash	22	4.40%	561,200	-	24,693	-	-	-
Total Fixed Rate Instruments			561,200	-	24,693	-	-	-

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

40.8 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

40.9 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and Interest Risk Tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. Interest payable is linked to the prime interest rate. The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
	#	%	R	R	R	R		R
30 June 2010								
Non-interest Bearing		0.00%	-	-	-	-	-	-
- Consumer Deposits			2,634,640	2,634,640	-	-	-	-
- Creditors			9,576,084	9,576,084	-	-	-	-
			-	-	-	-	-	-
Variable Interest Rate Instruments		8.18%	-	-	-	-	-	-
Fixed Interest Rate Instruments		7.56%	-	-	-	-	-	-
- DBSA		9.55%	85,642,119	8,438,464	8,438,464	16,876,929	34,769,041	17,119,221
- Short-term Loans			-	-	-	-	-	-
Financial Guarantee Contracts			-	-	-	-	-	-
			97,852,843	20,649,188	8,438,464	16,876,929	34,769,041	17,119,221

GAMAGARA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

2010
R **2009**
R

40. FINANCIAL INSTRUMENTS (Continued)

40.10 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses other publicly available financial information and its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the Chief Financial Officer and authorised by the Council.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas within the jurisdiction of the municipality. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

	2010 R	2009 R
The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:		
Consumer Debtors	7,958,329	4,307,934
Other Debtors	15,863,184	1,679,500
Bank, Cash and Cash Equivalents	(1,704,158)	(5,286,890)
Maximum Credit and Interest Risk Exposure	22,117,355	700,544

Credit quality of Financial Assets:

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Where neither is available, carrying values are utilised.

Consumer Debtors

Carrying values	7,958,329	4,307,934
	<u>7,958,329</u>	<u>4,307,934</u>

Other Debtors

Carrying values	15,863,184	1,679,500
Total Other Debtors	15,863,184	1,679,500

Bank Balances

First National Bank	2,930,516	561,200
Total Bank Balances	2,930,516	561,200

41. RELATED PARTY TRANSACTIONS

41.1 Interest of Related Parties

No related party interests were identified in the year under review.

41.2 Services rendered to Related Parties

The municipality did not render any services during the year to anyone that can be considered as a related party that is considered to be outside the normal course of business.

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

The amounts outstanding are unsecured and will be settled in cash. Consumer Deposits were received from Councillors, the Municipal Manager and Section 57 Personnel not on the salary deduction list. No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by related parties.

41.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 8 to the Annual Financial Statements.

41.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Notes 22 and 23 respectively, to the Annual Financial Statements.

41.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

2010	2009
R	R

42. CONTINGENT LIABILITIES

42.1 Court Proceedings:

Based on correspondence from the municipal legal council there are currently three outstanding cases against the municipality totalling an amount of R5,3 million. These cases are disclosed as follows:

4,471,620	1,780,752
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(i) An individual has instituted a claim for personal injuries sustained when colliding with a horse when driving passed municipal land. The claim amount is R1,565 million, however the Premier of the Province of the Northern Cape is a co-defendant for 50% of the claim amount.

(ii) There is a claim for outstanding payment of services rendered by Babereki Consultants amounting to R1,6 million.

(iii) There is a claim for outstanding payment of services rendered by Enviroserv amounting to R2,1 million.

43. CONTINGENT ASSETS

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

44. IN-KIND DONATIONS AND ASSISTANCE

The municipality did not receive any In-kind Donations and Assistance during the year under review.

45. COMPARISON WITH THE BUDGET

The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".

46. PRIVATE PUBLIC PARTNERSHIPS

The municipality was not a party to any Private Public Partnerships during the financial year 2009/2010.

47. EVENTS AFTER THE REPORTING DATE

No events having financial implications requiring disclosure occurred subsequent to 30 June 2010.

48. COMPARATIVE FIGURES

The comparative figures were restated as a result of the effect of a Change in Accounting Policy and Prior Period Errors (Note 32 and Note 33 respectively).

49. STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED

At the date of authorisation of these Annual Financial Statements the municipality has not applied the following GRAP standards that have been issued, but are not yet effective:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-cash-generating Assets - issued March 2009
- GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 25 Employee Benefits - issued December 2009
- GRAP 26 Impairment of Cash-generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 104 Financial Instruments - issued October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

Management has considered all the GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

APPENDIX A
GAMAGARA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2010

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2009	Received during the Period	Redeemed/ Written Off during Period	Interest capitalised	Balance at 30 June 2010
	R				R	R	R	R	R
ANNUITY LOANS									
DBSA	4,885,909	12.2%	100076	31/12/2013	3,077,852			382,837	3,460,689
DBSA	878,424	12.075%	101149	30/06/2014	488,013			49,331	537,344
DBSA	5,842,000	10.76%	101509	30/06/2015	4,466,599			499,025	4,965,624
DBSA	24,000,000	8.631%	101796	30/06/2021	21,054,088			1,871,409	22,925,497
DBSA	13,067,825	9.555%	102758	30/06/2012	10,242,530			1,023,271	11,265,801
DBSA	5,925,000	9.555%	102759	30/06/2012	4,644,001			463,955	5,107,956
DBSA	4,931,247	9.555%	102760	30/06/2012	3,865,100			386,139	4,251,239
DBSA	26,648,311	9.555%	102854	30/06/2013	22,398,524		(9,307,069)	721,807	13,813,262
Total Annuity Loans	86,178,716				70,236,706	-	(9,307,069)		66,327,411
CAPITAL LEASE LIABILITIES									
SciFin	-			1/8/2012	-	1,428,580	(349,296)		1,079,284
Total Capital Lease Liabilities	-				-	1,428,580	(349,296)		1,079,284
TOTAL EXTERNAL LOANS	86,178,716				70,236,706	1,428,580	(9,656,365)		67,406,695

APPENDIX A
GAMAGARA MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 June 2010

ANNUITY LOANS:

DBSA:

Structured unsecured 10 year loan for provision of infrastructure. Original loan capital of R4,9 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 10 year loan for provision of infrastructure. Original loan capital of R878,424 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 10 year loan for provision of infrastructure. Original loan capital of R5,8 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 15 year loan for provision of infrastructure. Original loan capital of R24 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 5 year loan for provision of infrastructure. Original loan capital of R13,1 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 5 year loan for provision of infrastructure. Original loan capital of R5,9 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 5 year loan for provision of infrastructure. Original loan capital of R4,9 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 5 year loan for provision of infrastructure. Original loan capital of R26,6 million is repayable semi-annually in fixed instalments of capital and fixed rate interest.

APPENDIX B
GAMAGARA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						Cumulated Depreciation / Impairment		Carrying Value	Budget Additions 2010
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance		
	R	R	R	R	R	R	R	R	R	R
Land and Buildings										
Buildings: Let-out	9,990,150	439,658	-	(3,246,529)	-	7,183,279	1,758,725	1,758,725	5,424,554	-
	9,990,150	439,658	-	(3,246,529)	-	7,183,279	1,758,725	1,758,725	5,424,554	-
Infrastructure										
<i>Electricity:</i>										
Load Control Equipment	11,759,156	-	-	-	-	11,759,156	996,155	996,155	10,763,001	-
Mains	32,480,544	6,659,500	-	-	-	39,140,044	4,685,413	4,685,413	34,454,631	-
<i>Roads:</i>										
Roads: Tarred	14,344,656	3,436,990	-	-	-	17,781,646	5,354,569	5,354,569	12,427,077	-
Stormwater Drains	135,689	8,170	-	-	-	143,859	17,419	17,419	126,440	-
Streetname Signs	-	110,000	-	-	-	110,000	-	-	110,000	-
<i>Sewerage:</i>										
Sewers	54,321,795	11,373,652	-	-	-	65,695,447	11,622,088	11,622,088	54,073,359	-
<i>Water:</i>										
Mains	39,958,210	(0)	-	-	-	39,958,210	11,899,288	11,899,288	28,058,922	-
Meters	20,257	(0)	-	-	-	20,257	2,701	2,701	17,556	-
Purification Plant	4,753,081	6,491	-	-	-	4,759,572	312,667	312,667	4,446,905	-
Reservoirs and Tanks	27,645,224	0	-	-	-	27,645,224	604,024	604,024	27,041,200	-
	185,418,612	21,594,803	-	-	-	207,013,415	35,494,324	35,494,324	171,519,091	-
Community Assets										
<i>Recreational Facilities:</i>										
Civic Theatres	1,606,271	-	-	-	-	1,606,271	375,327	375,327	1,230,944	-
Libraries	625,101	-	-	-	-	625,101	158,229	158,229	466,872	-
Parks	963,296	-	-	-	-	963,296	510,102	510,102	453,194	-
Recreation Centres	4,525,247	-	-	-	-	4,525,247	1,910,554	1,910,554	2,614,693	-
	7,719,915	-	-	-	-	7,719,915	2,954,212	2,954,212	4,765,703	-
Leased Assets										
Copiers and printers	-	1,428,580	-	-	-	1,428,580	-	-	1,428,580	-
	-	1,428,580	-	-	-	1,428,580	-	-	1,428,580	-

[illegible]

APPENDIX B
GAMAGARA MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						cumulated Depreciation / Impairm		Carrying Value	Budget Additions 2010
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance		
	R	R	R	R	R	R	R	R	R	R

GAMAGARA MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 June 2010

Description	Cost / Revaluation						cumulated Depreciation / Impairm		Carrying Value	Budget Additions 2010
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance		
	R	R	R	R	R	R	R	R	R	R
Investment Properties										
Land	-	-	-	-	-	-	-	-	-	-
Office Buildings	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	#REF!					#REF!				

GAMAGARA MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 June 2010

Description	Cost / Revaluation						cumulated Depreciation / Impairm		Carrying Value	Budget Additions 2010
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Closing Balance		
	R	R	R	R	R	R	R	R	R	R
Intangible Assets										
Computer Software	358,400	21,240	-	-	-	379,640	-	-	379,640	-
Servitudes	-	-	-	-	-	-	-	-	-	-
Spatial Development Plan	-	-	-	-	-	-	-	-	-	-
Valuation Roll	-	-	-	-	-	-	-	-	-	-
	358,400	21,240	-	-	-	379,640	-	-	379,640	-
							1,461,427.11			
Total Fixed Asset Register	223,926,310	23,803,442	-	(3,246,529)	-	244,483,223	50,658,432	50,658,432	193,824,791	-

APPENDIX C
GAMAGARA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	-	-	-	-	-	-	-	-	-	-	-	-
Executive & Council	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-
Council General	-	-	-	-	-	-	-	-	-	-	-	-
Council General - Ward Committees	-	-	-	-	-	-	-	-	-	-	-	-
Council General - Community Participat	-	-	-	-	-	-	-	-	-	-	-	-
Council General - Council Committees	-	-	-	-	-	-	-	-	-	-	-	-
IDP & LED Office	-	-	-	-	-	-	-	-	-	-	-	-
LED Centres	-	-	-	-	-	-	-	-	-	-	-	-
Commissioners	-	-	-	-	-	-	-	-	-	-	-	-
Mayoral Support	-	-	-	-	-	-	-	-	-	-	-	-
Speaker	-	-	-	-	-	-	-	-	-	-	-	-
Finance and Administration	-	-	-	-	-	-	-	-	-	-	-	-
Finance & Administration	-	-	-	-	-	-	-	-	-	-	-	-
Administration Management	-	-	-	-	-	-	-	-	-	-	-	-
Personnel Services	-	-	-	-	-	-	-	-	-	-	-	-
Administrative & Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-
Information Technology Services	-	-	-	-	-	-	-	-	-	-	-	-
Financial Planning & Administration	-	-	-	-	-	-	-	-	-	-	-	-
Budget & Budgetary Control	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management	-	-	-	-	-	-	-	-	-	-	-	-
Creditors Management	-	-	-	-	-	-	-	-	-	-	-	-
Assets & Risk Management	-	-	-	-	-	-	-	-	-	-	-	-
Pay Office Administration	-	-	-	-	-	-	-	-	-	-	-	-
Income Administration & Control	-	-	-	-	-	-	-	-	-	-	-	-
Consumer Services	-	-	-	-	-	-	-	-	-	-	-	-
Meter Reading Services	-	-	-	-	-	-	-	-	-	-	-	-
Credit Control	-	-	-	-	-	-	-	-	-	-	-	-
Cash Collection	-	-	-	-	-	-	-	-	-	-	-	-
Rates & Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Stores	-	-	-	-	-	-	-	-	-	-	-	-
Direct Purchasing	-	-	-	-	-	-	-	-	-	-	-	-
Data Capturing	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development	-	-	-	-	-	-	-	-	-	-	-	-
Planning & Development	-	-	-	-	-	-	-	-	-	-	-	-
Technical Engineering Services	-	-	-	-	-	-	-	-	-	-	-	-
Research, Design & Contracts	-	-	-	-	-	-	-	-	-	-	-	-
Project Management Unit	-	-	-	-	-	-	-	-	-	-	-	-
Physical Development & Public Works	-	-	-	-	-	-	-	-	-	-	-	-
Urban & Rural Development	-	-	-	-	-	-	-	-	-	-	-	-
Building Control	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX C
GAMAGARA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Health	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Safety & Loss Control	-	-	-	-	-	-	-	-	-	-	-	-
Community Health Services	-	-	-	-	-	-	-	-	-	-	-	-
Community Health	-	-	-	-	-	-	-	-	-	-	-	-
Clinic Services	-	-	-	-	-	-	-	-	-	-	-	-
Health: Abattoir	-	-	-	-	-	-	-	-	-	-	-	-
Community and Social Services	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	-	-	-	-	-	-	-	-	-	-	-	-
Library: Trichardt	-	-	-	-	-	-	-	-	-	-	-	-
Library: Leandra & Lebohang	-	-	-	-	-	-	-	-	-	-	-	-
Library: Evander	-	-	-	-	-	-	-	-	-	-	-	-
Library: Bethal & Emzinoni	-	-	-	-	-	-	-	-	-	-	-	-
Library: Embalenhle	-	-	-	-	-	-	-	-	-	-	-	-
Library: Kinross	-	-	-	-	-	-	-	-	-	-	-	-
Library: Secunda	-	-	-	-	-	-	-	-	-	-	-	-
Project Sejacuffe	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Education	-	-	-	-	-	-	-	-	-	-	-	-
Civic Centre	-	-	-	-	-	-	-	-	-	-	-	-
Casper Breedt Centre	-	-	-	-	-	-	-	-	-	-	-	-
Community Hall Emzinoni	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-
Bethal East New Hall	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Housing Association	-	-	-	-	-	-	-	-	-	-	-	-
Housing Hostels	-	-	-	-	-	-	-	-	-	-	-	-
RDP Officer	-	-	-	-	-	-	-	-	-	-	-	-
Hostels	-	-	-	-	-	-	-	-	-	-	-	-
Old Age Homes	-	-	-	-	-	-	-	-	-	-	-	-
Thusong Centres - MPCC	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety: Administration	-	-	-	-	-	-	-	-	-	-	-	-
Fire Brigade	-	-	-	-	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-	-	-	-	-
Registration Authority	-	-	-	-	-	-	-	-	-	-	-	-
Traffic	-	-	-	-	-	-	-	-	-	-	-	-
Mechanical Workshop	-	-	-	-	-	-	-	-	-	-	-	-
Parking Meters	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX C
GAMAGARA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Sport & Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Affairs & Tourism	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	-	-	-	-	-	-	-	-
Public Open Spaces	-	-	-	-	-	-	-	-	-	-	-	-
Nursery & Trees	-	-	-	-	-	-	-	-	-	-	-	-
Workshop & Environment Aff Tourism	-	-	-	-	-	-	-	-	-	-	-	-
Playparks	-	-	-	-	-	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	-	-	-	-	-	-	-
Stadion: Embalenhle & Evander	-	-	-	-	-	-	-	-	-	-	-	-
Bethal Dam Hall	-	-	-	-	-	-	-	-	-	-	-	-
Kinross Golf Course	-	-	-	-	-	-	-	-	-	-	-	-
Stadion: Secunda	-	-	-	-	-	-	-	-	-	-	-	-
Lapa's	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-
Vacuum Tank Services	-	-	-	-	-	-	-	-	-	-	-	-
Cleansing Services	-	-	-	-	-	-	-	-	-	-	-	-
Dumping Site	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Administration	-	-	-	-	-	-	-	-	-	-	-	-
Sewer Network	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Bethal	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Evander	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Kinross	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Trichardt	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Embalenhle	-	-	-	-	-	-	-	-	-	-	-	-
Purification: Leandra	-	-	-	-	-	-	-	-	-	-	-	-
Roads and Transport	-	-	-	-	-	-	-	-	-	-	-	-
Roads & Transport	-	-	-	-	-	-	-	-	-	-	-	-
Roads & Stormwater	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	-	-	-
Water Administration	-	-	-	-	-	-	-	-	-	-	-	-
Water Network	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Administration	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Network	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Cliental Services	-	-	-	-	-	-	-	-	-	-	-	-

APPENDIX C
GAMAGARA MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2010

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Other	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Fresh Produce Market	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
	-223,567,910.14	-23,782,201.74	0.00	3,246,528.86	0.00	-244,103,583.02	-50,658,432.00	0.00	0.00	0.00	-50,658,432.00	-193,445,151.02

APPENDIX D
GAMAGARA MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 June 2010

2009 Actual Income	2009 Actual Expenditure	2009 Surplus/ (Deficit)	Description	2010 Actual Income	2010 Actual Expenditure	2010 Surplus/ (Deficit)
R	R	R		R	R	R
10,340,925	12,717,353	(2,376,428)	Executive and Council	11,033,656	7,667,541	3,366,115
15,991,635	12,441,737	3,549,898	Finance and Administration	18,498,234	19,619,396	(1,121,162)
118,397	5,217,823	(5,099,426)	Planning and Development	-	1,383,343	(1,383,343)
1,546	930,581	(929,035)	Health	-	-	-
594,390	2,612,793	(2,018,403)	Community and Social Services	344,420	5,017,698	(4,673,278)
-	-	-	Housing	-	-	-
2,007,494	2,508,136	(500,642)	Public Safety	1,702,234	2,707,362	(1,005,127)
864,287	5,701,823	(4,837,536)	Sport and Recreation	105,263	551,324	(446,061)
6,769,100	6,852,569	(83,469)	Environmental Protection	1,691	6,037,673	(6,035,982)
6,128,315	9,511,346	(3,383,031)	Waste Management	28,733,958	10,796,054	17,937,904
2,101,943	2,835,020	(733,077)	Roads and Transport	10,379,731	2,576,632	7,803,099
18,349,403	13,716,925	4,632,478	Water	22,433,524	13,267,101	9,166,422
32,619,788	24,911,149	7,708,639	Electricity	57,215,829	32,487,831	24,727,998
-	819,441	(819,441)	Other	738,782	1,165,537	(426,755)
95,887,223	100,776,695	(4,889,472)	Sub-Total	151,187,322	103,277,492	47,909,830
-	-	-	Less: Inter-departmental Charges	-	-	-
95,887,223	100,776,695	(4,889,472)	Total	151,187,322	103,277,492	47,909,830

APPENDIX E(1)
GAMAGARA MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 June 2010

Description	2009/2010 Actual	2009/2010 Budget	2009/2010 Variance	2009/2010 Variance	Explanation of Significant Variances greater than 10% versus Budget
REVENUE	R	R	R	%	
Property Rates	15,122,125	15,394,799	(272,674)	(1.80)	
Property Rates - Penalties imposed and collection charges	-	-	-	0.00	
Service Charges	100,559,516	82,069,032	18,490,484	18.39	Additional bulk services provided in respect of developments
Rental of Facilities and Equipment	1,079,543	1,070,000	9,543	0.88	
Insurance Claims	265,489		265,489	100.00	Insurance payouts were not budgeted for
Interest Earned - External investments	232,293	200,000	32,293	13.90	Additional funds invested
Fines	128,850	206,411	(77,561)	(60.19)	Under performance of the Traffic Department
Licences and Permits	574,557	489,012	85,545	14.89	Very few licence payments made
Income for Agency Services	1,082,059	1,297,200	(215,141)	(19.88)	Less agency fees received than expected
Government Grants and Subsidies	34,694,842	15,798,328	18,896,514	54.46	Housing grants provided - immediately paid over as grants paid (see below)
Other Income	1,773,254	2,455,991	(682,737)	(38.50)	Marginally more additional income than expected
Public Contributions and Donations	3,572,759	727,613	2,845,146	79.63	Additional donations made by Qumba mine
Other Gains on Continued Operations	-	-	-	0.00	
Gains on Disposal of Property, Plant and Equipment	1,704,028	250,000	1,454,028	85.33	More even sold than budgeted for
Profit on Sale of Land	-	-	-	0.00	
Total Revenue	160,789,314	119,958,386	40,830,929	34.04	
EXPENDITURE					
Employee Related Costs	44,248,396	44,433,084	(184,688)	(0.42)	
Remuneration of Councillors	1,625,977	1,842,879	(216,902)	(13.34)	Remuneration in line with Government Gazette
Collection Costs	-	-	-	0.00	
Depreciation	-	5,000,000	(5,000,000)	0.00	
Impairment Losses	-	-	-	0.00	
Repairs and Maintenance	3,572,861	3,821,203	(248,342)	(6.95)	
Interest Paid	6,486,246	10,000,000	(3,513,754)	(54.17)	Bulk amount paid on loans when bulk services payments were received
Bulk Purchases	31,619,333	34,120,553	(2,501,220)	(7.91)	
Contracted Services	243,977	597,500	(353,523)	(144.90)	Expenditure for Professional Services less than expected
Grants and Subsidies Paid	12,140,904	1,600,000	10,540,904	86.82	Additional housing fund grant received and paid over (see above)
Research and Development Costs	-	-	-	0.00	
General Expenses	15,760,251	18,541,198	(2,780,947)	(17.65)	Greater financial control
Other Losses on Continued Operations	-	-	-	0.00	
Loss on disposal of Property, Plant and Equipment	-	-	-	0.00	
Total Expenditure	115,697,944	119,956,417	(4,258,473)	(3.55)	
NET SURPLUS / (DEFICIT) FOR THE YEAR	45,091,370	1,969	45,089,401	(2,289,964.50)	

GAMAGARA MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 June 2010

Description	2009/2010	2009/2010	2009/2010	2009/2010	2009/2010	Explanation of Significant Variances
	Actual	Total Additions	Budget	Variance	Variance	
	R	R	R	R	%	greater than 5% versus Budget
Executive and Council	90,298	90,298	43,786	46,512	106.23	Marginal overspending based on capitalised finance leases
Finance and Administration	1,961,530	1,961,530	1,167,330	794,200	(54.34)	Reduced spending occurred. However, this is not reflected as R1,4 million was capitalised owing to finance leases
Planning and Development	-	-	477,500	(477,500)	(100.00)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Health	-	-	-	-	-	- Projects were not executed
Community and Social Services	18,560	18,560	74,820	(56,260)	(75.19)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Housing	-	-	11,681,448	(11,681,448)	(100.00)	Housing funds received were paid out as grant expenditure during the year
Public Safety	11,165	11,165	15,000	(3,835)	(25.57)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Sport and Recreation	2,632	2,632	899,200	(896,568)	(99.71)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Environmental Protection	-	-	-	-	-	
Waste Management	-	-	-	-	-	
Waste Water Management	11,409,726	11,409,726	11,721,032	(311,306)	(0.03)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Roads and Transport	3,436,989	3,436,989	4,634,520	(1,197,531)	(25.84)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Water	10,231	10,231	4,662,000	(4,651,769)	(99.78)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Electricity	6,658,890	6,658,890	9,610,873	(2,951,983)	(30.72)	Reduced spending owing to strained cash flow during the year and delayed approval of projects
Other	193,380	193,380	110,000	83,380	11.67	Marginal overspending on capital acquisitions based on capitalisation of landfill sites
Total	23,793,401	23,793,401	45,097,509	(21,304,108)	(47.24)	

